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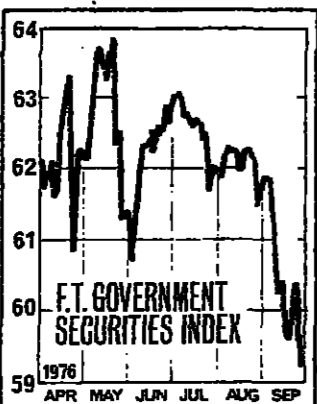
## Smith, the Rhodesian, is thought to have Britain's offer to conference to set up a 'joint government'

Mr. Ted Rowlands, the Rhodesian Minister of State, is thought to have Britain's offer to conference to set up a 'joint government'.

## Equities off 6.9; Gilts weaken

● EQUITIES had another bad day, against the background of the sterling crisis and rumours of a Minimum Lending Rate rise. FT 30-share Index closed 6.9 down at 323.5, a low for the year and a 2.4 fall over four trading days. Gold Mines Index was 0.8 down at 108.7.

● GILTS shorts fell nearly one point on interest rate fears. Longs fell 1. Government Securities Index was 0.43 down at 59.18, a low for the year.



## IMF move on import curbs

● IMF OFFICIALS are working on ways to forbid the use of import curbs by borrower countries, which could have some effect on the British loan application.

## Fraser stays

● SUTTS CHAIRMAN, Sir Hugh Fraser, with strong support from institutional investors, has withstood calls for his resignation, at the Glasgow annual meeting.

## British Government goes to U.S. Appeals court over BOC

BY KEITH LEWIS, CITY STAFF

## Party backs Healey in fight to save £

BY RICHARD EVANS, LOBBY EDITOR, IN BLACKPOOL

## Pound slips back after early gains

BY MICHAEL BLANDEN

# Party backs Healey in fight to save £

BY RICHARD EVANS, LOBBY EDITOR, IN BLACKPOOL

MR. Denis Healey, Chancellor, yesterday received the broad support from the Labour movement he sought for his forthcoming negotiations with the International Monetary Fund on the basis of existing Government policies.

In a surprise intervention at the Labour Party conference he stated unequivocally that the Government was going to stand by its economic strategy in its fight to save the pound and indicated there would be no strings attached to the requested standby credit of \$3.9bn.

"I am going to negotiate on the basis of existing policies and not in changes of policy, and I need your support to do it," he declared in a forthright speech which was cheered by some but applauded by the overwhelming majority of delegates.

Mr. Healey made his surprise visit to Blackpool for two pressing reasons: he had to demonstrate to international opinion that the Labour Party backed the Government's economic policies and he sought to persuade the IMF not to force unacceptable public spending cuts as a condition for a loan.

Indications are that as long as no strings are attached which would entail further cuts in public spending or increases in unemployment Mr. Healey will receive the backing of the party and the unions.

The political consequences of failure to carry off the Government's strategy was made plain by Mr. James Callaghan, Prime Minister, in a TV interview last night after the conference emergency debate.

"If we were to fail, I do not think another government could succeed. The result would be a national government situation and I fear it would lead to totalitarianism of the Right or Left. That is why I am going on hard to succeed," the Premier declared.

Mr. Callaghan also made it clear to a number of television interviews that, together with the Chancellor, he does not expect the IMF to impose conditions involving further public spending cuts.

"Our policies as a Government are quite adequate for any credit we may ask," he declared. "We have reduced the rate of inflation by half in 12 months; we have the agreement of industry on what is required; and we are holding back domestic consumption so that exports can take up the slack."

The Prime Minister claimed he was getting understanding and even admiration from countries overseas about the way Britain was handling inflation and he did not see why the IMF should take a different view.

He wasted no time telling the party what was needed. Basically, it was more active support for the Government and less sniping by the executive committee with resolutions and statements which could do immense damage.

Imports stopped but continuing total freedom for exports.

"I have never heard of a siege in which you keep the enemy out of the castle but he lets you come and go as you please in and out of his ranks." But that was the sort of economic some of the Government's critics were asking for. In the Chancellor's opinion it was a recipe for a world trade war and conditions of the 1930s.

Neither did Mr. Healey believe that import controls could be introduced in a few selective industries. That strategy meant general controls over a wide field and would mean an immediate fall in the standard of living and higher unemployment.

While it was possible such a strategy could work in the long run, provided public expenditure was cut four or five times as heavily, as proposed by the Government, it was inconceivable that the Government could survive under the circumstances. The plain fact was that the strains and increases in inflation and unemployment would mean that before many months were out there would be a Tory government.

# Big Labour conference vote for State takeover of banks

BY RICHARD EVANS IN BLACKPOOL

CONTROVERSIAL proposals to nationalise major clearing banks and insurance companies were accepted yesterday at the Labour Party conference by an unexpectedly large majority.

The decision, which means that the plan is official Labour Party policy, will strengthen the voice of the Left wing in its attempts to set it made into a manifesto commitment at the next election.

Mr. James Callaghan described the public ownership scheme as an electoral albatross on the eve of the party conference and he and his moderate colleagues on the national executive committee will fight tooth and nail to have it pigeon-holed.

**Enthusiastic**

The content of the manifesto is decided shortly before an election by a committee composed of members of the Cabinet and the executive committee—much more evenly balanced than the Left-dominated executive—and Ministers remain confident that the proposals will not be implemented in the foreseeable future.

But there was no doubting the enthusiastic reception given to Mr. Mikardo, the executive committee member who introduced the policy statement which was accepted by 334,000 votes to 238,000. This exactly the two-thirds majority necessary from conference to ensure acceptance as official party policy.

Many unions, including the Transport and General Workers' and the Association of Scientific, Technical and Managerial Staffs, decided not to support the executive committee document, but they abstained rather than oppose it.

Mr. Mikardo, one of the authors of the document, together with Mr. Anthony Wedgwood Benn, Energy Secretary, and Mrs. Judith Street, rejected the argument that the proposals would be an electoral liability. Had this been true there would have been an Labour administration in the years since 1945 because nationalisation always had been part of the party's manifestos.

In a calculated job at Mr. Callaghan, sitting on the platform, said the proposals would be a "threat to personal freedom." Serious harm would be done to overseas earnings from insurance, and foreign confidence would be eroded.

Speaking for the clearing banks, Mr. Timothy Bevan, deputy chairman of Barclays, said that it had been simply shown that the documents on which the Party proposals were based were "ill-researched, irresponsible, inaccurate and illogical." The views of customers, the public at large and businessmen opposing nationalisation had been totally ignored.

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Feature, Page 21



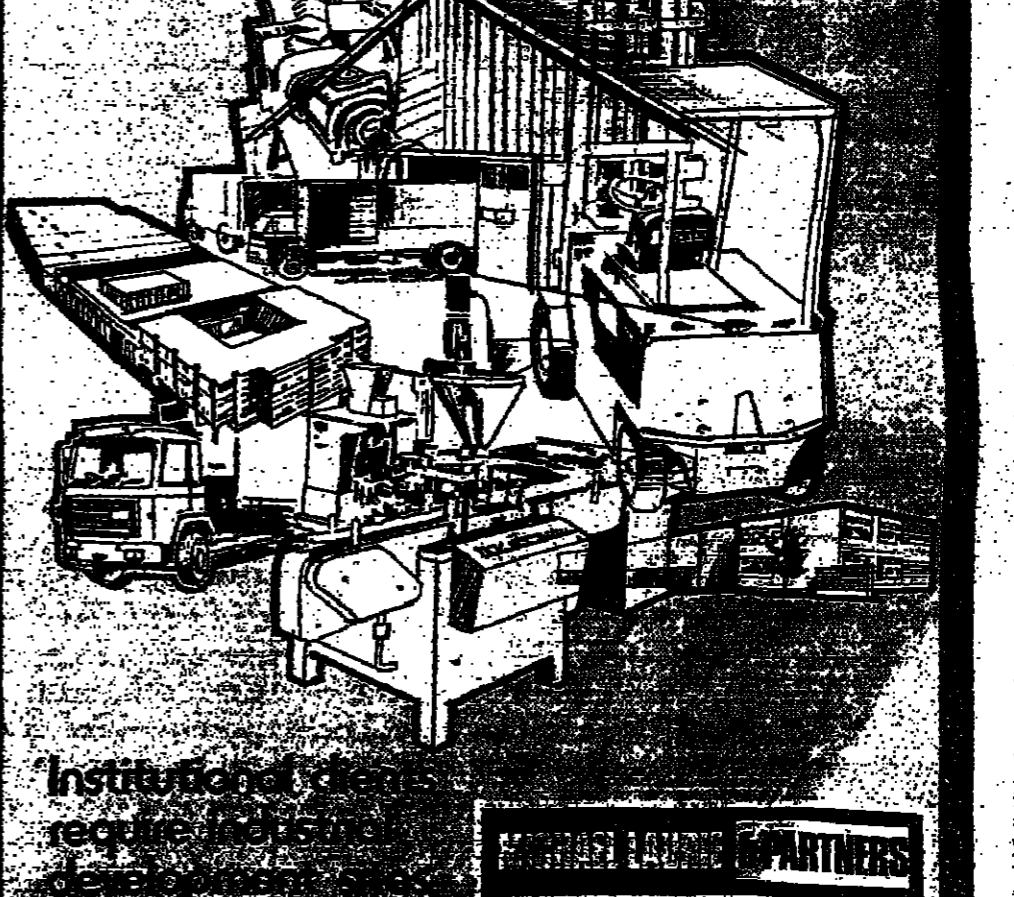
Mr. Ian Mikardo: enthusiastic reception

## Reaction

Michael Blanden writes: Insurance and banking leaders immediately reacted to the Conference decision. It was described as "irresponsible" by the insurance companies, while the banks said that in passing the resolution the Labour Party had "passed a dud cheque."

In a joint statement, Mr. Bill Harris, chairman of the British Insurance Association, and Mr. Kenneth Allen, chairman of the Life Offices, called on Labour Party leaders to rethink their policy. The decision came at a time when the nation sorely needed the support of life insurance savings as well as the industry's invisible earnings.

# INVESTMENT IN INDUSTRY



Industrial investment in industry

### RIEF PRICE CHANGES YESTERDAY

Prices in pence unless otherwise indicated

WISPS		
Wool	135	+ 10
Wool	265	+ 15
Wool	131	- 1
FALLS		
Wool	135	- 10
Wool	265	- 15
Wool	131	+ 1

Guinness Peat	148	- 7
GKN	258	- 12
Hammer	147	- 8
Lafarge	147	- 3
Land Sec.	122	- 7
Lucas Inds.	160	- 5
Marshall	78	- 8
Mitani	200	- 8
Philips Lamp	925	- 22
Phoenix Assurance	186	- 10
Flint Intal.	214	- 9
Shun Alliance	353	- 12
Thorn Elect.	172	- 14
Turner Inds.	242	- 16
Turner and Newall	129	- 4
Wimpey (G.)	33	- 7
BP	607	- 15
Shell Transport	378	- 12
Bourneville	155	- 5
Falcon	90	- 5
Messing	205	- 10

Wool	135	+ 10
Wool	265	+ 15
Wool	131	- 1
FALLS		
Wool	135	- 10
Wool	265	- 15
Wool	131	+ 1

Wool	135	+ 10
Wool	265	+ 15
Wool	131	- 1
FALLS		
Wool	135	- 10
Wool	265	- 15
Wool	131	+ 1





## EUROPEAN NEWS

## Italian industry expected to get low-interest loans

BY DOMINICK J. COYLE

ROME, Sept. 30.

THE ITALIAN Government's projected industrial re-conversion programme, the total funds for which are expected to exceed 6,000bn, or some \$4,250bn, is likely to be directed in the first instance to provide industry with special low-interest loans, to subsidise interest rates on commercial borrowings and to fund in part increases in company share capital.

No specific proposals have yet been issued, although it was expected that at least broad details of the new Government's programme, to be incorporated within overall proposals for economic recovery, would be sent to Parliament late to-night and be published to-morrow.

A new ministerial committee for the co-ordination of industrial policy is to be established under the chairmanship of the Prime Minister, Sig. Giulio Andreotti, and will include the Ministers for the Treasury, Industry, State Participation, Labour, Foreign Trade and the Development of the South.

It is understood that applications for assistance on new investments in excess of 10bn will be examined by this new ministerial group (CIP), while requests for lower amounts will be processed directly by the Minister for Industry, Sig. Carlo Donat Cattin.

Low interest loans under the proposed scheme would be limited to a portion of the new investment, and a similar restriction—but probably at a higher percentage figure—would apply to the provision of new fixed capital. It is still unclear precisely which agency would hold the portion of the new equity so subscribed.

Equally unclear at this time is how the new industrial reconversion fund is, in fact, to be financed, although it is already evident that only a portion of the projected 6,000bn will be available in the first year.

The Government has also to announce what investment priorities it intends setting, either as to geographical areas of the country or particular industrial sectors, two points which will be of particular interest to the main trade unions. Their leaders have already had an outline of the Government's programme and have reacted cautiously and in some cases, critically.

## Ireland arrests Soviet trawler

By Our Own Correspondent

DUBLIN, Sept. 30

AN UNLIKELY confrontation between a giant Soviet trawler and the Irish defence forces developed off the Irish coast today when the Russian captain refused to put into port after being arrested for allegedly fishing inside the 12-mile limit.

Thirty armed soldiers and 20 naval personnel were sent out as reinforcements along with a Russian speaking army officer to join the boarding party which is aboard the 2,500-ton Belomor, a ship which was arrested by the fishery protection vessel Grannin after a chase in which shots were fired across the trawler's bow.

When the Belomor, which is registered in Murmansk, finally stopped and an armed boarding party of 24 men went aboard, the trawler was outside the territorial limits and the skipper refused to put in to Cobh on the south coast.

The Irish authorities this afternoon dispatched the Grannin, which together with the Irish naval fleet, with the soldiers aboard.

The Russian embassy in Dublin said the captain of the Belomor was arrested a strong protest against the incident, saying his arrest was illegal.

But a spokesman for the Irish naval service said it was internationally recognised that once a ship was arrested it was obliged to obey the orders of the arresting ship.

## FINNISH POLITICS

## Election paralysis sets in

PARLIAMENTARY democracy in Finland has scarcely reached sublime heights since the country declared itself independent nearly 59 years ago. It has long suffered from dissimilar tendencies—there are ten parties in the 200-seat Parliament. More recently, it has caught an infection which can be diagnosed as election paralysis.

Not only general elections (ordinarily every four years), but also presidential elections, trade union elections, and even party conventions stop or delay decisions and legislation every few months, regardless of the exigencies of the prevailing situation.

Mr. Martti Miettunen's five-party centre-left coalition cabinet, commanded into office by President Urho Kekkonen less than ten months ago, collapsed on September 18. It was Finland's third experiment with "popular front" government.

It failed on two counts: one was the incoherence of the local government elections due in mid-October, the other was the uncooperative attitude of the Finnish Communist Party (FCP), all along an unwilling partner in Mr. Kekkonen's arranged coalition last November.

In the event, the FCP scored several points against the Social Democrats, the other Left-wing party in the Miettunen cabinet, and emerged in a stronger position to face the approaching local election. Its inclusion in the Government proved to be a mistake. The FCP is badly split into a more moderate faction, and a minority wing which follows the Moscow line and wants no part of western parliamentary methods as the road to power.

While the ten Parliamentary groups went into huddles to consider how best to resolve the crisis, the business world was left yet again to make contingency plans until it could be informed what new taxes and charges it could expect in the new budget.

Finland's new centre-based cabinet of Prime Minister Martti Miettunen took office here today with priorities for fighting inflation and unemployment. Renter reports from Helsinki.

It also said it would pursue a traditional policy of neutrality, emphasising good neighbourly relations with the Soviet Union and the

The "popular front" cabinet had already introduced 26 increases of taxes and charges, most of which it had promised to cut at least three more, including an increase of turnover tax in January 1977, from 11 to 13 per cent.

It was on the turnover tax decision that the FCP was allowed to go its own way in May and yet stay in office. It was the only way that President Kekkonen could hold together the creaking coalition machinery that he had personally designed. It bought a few months of time, until September 18, but set a dangerous precedent.

Finally, on September 23, the President appointed the country's 59th Government, and its 20th minority cabinet. It is a coalition of the Centre, Swedish and Liberal parties, commanding 58 of the 200 seats in Parliament. Mr. Miettunen, 61, is 69, reluctantly agreed to lead this team.

Mr. Kekkonen's choice for the new foreign minister is professor (of political history) Kaijo Korte, formerly deputy head of the Political Department in the Ministry of Foreign Affairs. The new Miettunen cabinet's primary task is to get the 1977 budget through Parliament.

The 1977 budget was the formal reason for the resignation of the previous coalition. The FCP wanted more funds for housing, subsidised exports of this year's agricultural production. The FCP's demands can now be disregarded, but it will be hard for the Centre Party to deny the farming electorate some additional income.

Thus, the new Government is only a temporary solution. While it is getting the budget through Parliament, leisurely savings will continue to find a new coalition commanding a Parliamentary majority. The outlook is not promising, for alternatives are strictly limited, as the following simple arithmetic shows.

Of the 200 MPs 18 appear to be undecided from government or opposition. The FCP (40) has shown itself to be unreliable.

The new Government has a tough job ahead of it. The worst of the economic crisis may be over. But, as Mr. Miettunen said on resigning 12 days ago, it is not merely a question of a tight budget for 1977. The country must conserve economies for several years.

Growth targets must be scaled down. The rise of public sector expenditure must be contained. To date, the sound base of the economy has not been questioned, but it is being eroded by the lack of a political will to compromise and a fear of elections that is almost paralytic.

## German parties run close race

BY ADRIAN DICKS

BONN, Sept. 30.

THREE DAYS before the Bundestag election the West German political parties are engaged in a race still so close that scarcely anyone is willing to try to pick the winner.

Herr Willy Brandt, the former Chancellor who is now chairman of the Social Democratic Party, has predicted a majority of 20-25 seats for the SPD and its coalition partners, the Free Democrats.

Herr Helmut Kohl, the Christian Democratic leader, said earlier this week that he was expecting a dead heat, following the latest crop of opinion polls showing that the Government and Opposition each have

between 48 and 50 per cent. Although the polls have a relatively good track record in West Germany, Herr Hans-Joachim Lauth, head of the pollsters' professional association, went out of his way today to point out that their findings should be taken only as an indication of the probabilities and not as a foregone conclusion. With a margin of error of about 2.5 per cent, the warnings need to be taken especially seriously this year.

The most respected of German polls, the Allensbach survey published by Stern magazine today, conforms to the general average by giving the SPD-FDP coalition

49.7 per cent, and the CDU-CSU Opposition 49.3 per cent, based on a sample of about 1,100 people carried out last Sunday.

Yet the poll confirms the slight advantage which many political observers feel Chancellor Helmut Schmidt enjoys as the incumbent. The coalition leads by 40 per cent to 34 per cent in terms of voters' expectations of who is going to win.

Furthermore, according to Allensbach, it has almost a four point lead (51.1 per cent to 47.5 per cent) in voters' intentions for the all-important second or "list" vote.

## MBFR talks resume

BY PAUL LENDVAI

VIENNA, Sept. 30.

THE 19-NATION East-West troop reduction (MBFR) talks resumed here today after the two-month summer recess, with the Czechoslovakia and Luxembourg delegation chiefs blaming, as usual, the other side for lack of progress.

The Czech delegate's Ambassador, Melnar, complained that Western figures on the alleged Eastern superiority were inaccurate but expressed hope that substantive steps could be made. NATO did not have a news conference and the Western spokesman merely informed the Press that the chief delegate of Luxembourg, Colonel Winter, had stressed the need for a positive and serious Eastern response to NATO proposals.

## William Cook

Manufacturers of steel castings for all industries

Salient points from the statement by the Chairman, Mr. A. McT. Cook

- Despite the continued lack of any upturn in trading conditions, I am able to report an improved trading profit, due mainly to the efficiency and enthusiasm of all our staff and to the benefits of our new and well-equipped factory.
- Production costs continue to rise at an alarming rate. The cost of gas rose by approximately 47% in April and Scrap Metal has gone up by 41% in little over four months.
- A final dividend of 1p per share makes a total of 1.66p (1975-1.2p) for the year.
- In view of the company's growth, the Board considers the issued share capital of the company should be increased and recommends a scrip issue of one share for every four shares held.

## SUMMARY OF RESULTS

Year ended 31st March	1976	1975
Sales	£2,496,622	£2,066,637
Profit before Taxation	£236,078	£136,273
Earnings per share	5.26p	4.24p
Dividend per share	1.66p	1.20p
Profit retained	£76,398	£60,869

Copies of the Report and Accounts are available from The Secretary, William Cook & Sons (Sheffield) Limited, Parkway Steel Foundry, Parkway Avenue, Sheffield S9 4WA.

## THE CAPITAL &amp; NATIONAL TRUST LIMITED

Secretary—Fleming &amp; Murray

## Three year summary of results

Year ended 31st March	Gross Revenue £'000	Ordinary Shares Earned per share	Ordinary Shares Paid per share	Gross Assets (less current liabilities) £'000	Net Asset Value per Equity share
1974	820	3.31p	3.10p	14,218	85p
1975	879	3.45p	3.35p	17,149	104p
1976	961	3.60p	3.50p	20,770	128p

Annual capitalisation issues have been made to "B" Ordinary Shareholders as follows:— 1974 3.631426% 1975 3.117408% 1976 2.743628%

The twenty largest equity holdings detailed in the Report and Accounts equal 29.22 per cent of the portfolio.

In his statement SIR HUGH MACKAY-TALLACK said "To what extent, if any, it will prove possible to increase the dividend rate for the current year will depend mainly on the number of 'B' ordinary share conversions made next March, but it is your directors' present intention at least to maintain the dividend at its current rate of 3.50 pence per ordinary share."

Copies of the Accounts are available from the Registrars, 95 Southwark Street, London SE1 0JB.

## Bid to break deadlock over JET site

By Robin Reeves

BRUSSELS, Sept. 30.

THE EUROPEAN Commission has launched a new bid to break the deadlock over the siting of JET (Joint European Torus), the EEC's proposed nuclear fusion research rig which, its proponents hope, will lead to unlimited supplies of cheap energy towards the end of the century.

The Commission has called on Common Market member countries to agree that, in the absence of a decision by the Council of Research Ministers by the end of the year, the choice should be passed over to the Commission for decision.

The JET council has yet to be constituted but it is expected to be made up of senior scientific administrators from all EEC member countries and will have overall charge of the research programme.

The Commission's new proposal reflects increasing frustration at the failure of Community member countries to agree either to site JET at the EEC's own joint research centre at Ispra, northern Italy, or at an alternative site.

A decision by the hanging fire effectively since last December and the fear is that the Community will lose its lead in fusion research unless the location of the test rig is settled quickly.

## Madrid workers in strike tactics talks

BY ROGER MATTHEWS

MADRID, Sept. 30.

MEETINGS WERE held in many factories and other places of work throughout Madrid today to decide on tactics following the call by opposition parties and illegal workers' organisations for a general strike in the city to-morrow.

The strike has been called to protest at the murder of a young student during a left-wing demonstration in the city on Monday night. Riot police used tear gas and smoke bombs to break up a students' demonstration late this morning while others stood by at the Central Post Office where postmen were deciding whether to return to work.

The postal stoppage, which has brought deliveries to a halt throughout Spain for the past six days, is surrounded by confusion. The director-general of the Post Office said last night the strike was over but despite a return to work in some provincial areas many of the main cities remain without deliveries.

At a so-called Press conference this morning the director-general refused to answer questions.

One of the key issues to have emerged is the sharp disagreement between postmen belonging to the Communist Party and their more militant colleagues who are members of the Spanish Workers' Party. Although a

## Large pro-British vote in Gibraltar

BY JOSEPH GARCIA

GIBRALTAR, Sept. 30.

THERE HAS been a large pro-British vote in Gibraltar's constituency election, with only 4,000 out of more than 33,000 votes cast going to three candidates seeking a deal, with Spain. Seventy-three per cent of the electorate voted, each person having the right to vote for up to eight of the 25 candidates who stood for election to the 18-seat House of Assembly.

The ruling Gibraltar Labour Party led by Chief Minister Sir Joshua Hassan swept back into power, gaining an overall majority in the House. Sir Joshua again topped the poll, with 7,225 votes followed by Mr. Maurice Klibaras, the former leader of the Gibraltar Democratic Movement, with just over 6,000 votes. Trade union leader Joe Bossano, who heads the newly-formed Gibraltar Democratic Movement, came fifth but apart from two votes, exceptional Labour candidates took all the top positions, reflecting the strong block voting that the party commands.

Under pressure before the election to hold immediate talks with Britain on Gibraltar's future, Sir Joshua has taken the line that the question must first be the subject of study in Gibraltar and that proposals emanating from such discussions should then be put to the Foreign and Commonwealth Secretary for consideration.

The Democratic Movement, an offshoot of an organisation of representative bodies, argue that it is up to Britain to state in what way the rock can be de-colonised, considering that Britain has already rejected all known forms of decolonisation for Gibraltar.

The rejection by the electorate of the three candidates seeking a deal with Spain is a significant vote in the context of Anglo-Spanish relations, and indicates that the Gibraltarians, who voted overwhelmingly in the same way in the 1967 referendum, still insist in retaining the traditional links with Britain, even at the expense of being enclosed in a no-man's-land due to the Spanish frontier closure and other restrictions imposed during the Franco era. The Gibraltarians would welcome a return to normality with Spain, but clearly not at any price.

Reuter adds: Earlier this week the new Spanish Foreign Minister, Sr. Marcelino Oreja, reiterated Spain's claim for the return of Gibraltar, ceded to Britain in 1704.

Sir Joshua Hassan has warned against any premature settlement with Spain, adding that he would wait until it enjoyed full democracy before asking Madrid to understand and respect Gibraltarians' wishes.

## THE COUNCIL OF EUROPE

## Portugal makes it nineteen

BY DAVID BUCHAN, RECENTLY IN STRASSBOURG

THE COUNCIL of Europe in Strasbourg last week acquired its first new member for 11 years: by the accession of Portugal the "Europe of 18" became one of 19. That addition has given a fresh fillip to a body that has been variously written off as Europe's dowdy elder sister (born in 1949, seven years before the more glamorous EEC) or as a talking shop in one of Europe's lushest watering holes.

To the council, growth is a welcome sign of life, while to the Portuguese the importance is the respectability that council membership confers. The body that once expelled the junta's

Greece has stamped Lisbon's democratic credentials. To underline this Portugal also signed last week the European Convention on Human Rights, the most important document of the council.

It is not yet clear whether Portugal will go on to sign that protocol to the convention which would allow individuals from Portugal to petition directly to Strasbourg; the Lisbon Government wants to consult its Parliament first, and in general Latin countries in the Council of Europe have been reluctant to concede "their citizens this particular right."

But if Portugal's long march towards European acceptance is now well advanced with its seating in Strasbourg, that of Spain, its Iberian neighbour, has hardly started. Officials in the council concede that Spain will probably be the next candidate for membership, and there is much Spanish lobbying in the Strasbourg corridors to that end. But a heated debate in the Council's Parliamentary Assembly (composed of delegations of MPs from member countries) which met last week showed how divided opinion is on precisely how near Spain is to membership. An innocuous resolution—attempting to nudge King Juan Carlos and Premier Adolfo Suarez along the road to democracy—met with strong opposition from the Left which called it the seal of approval on Madrid's present policies, and from the Right, chiefly the British Tories, who claimed it amounted to unwarranted interference in Spanish domestic affairs.

Whether officials in Strasbourg like it or not—and they do not appear to mind too much—the chief evasive manoeuvre of the countries of Council membership is ship is as a stepping stone to EEC membership. Portuguese officials privately admitted in Strasbourg last week that this by Mr. Leo Tindemans to the consideration was uppermost in their minds on joining the more than welcome. Clearly

Council. It was also a factor in the delight of Greece upon being readmitted to the Council in 1974, and may one day be a factor in Madrid's thinking.

But while Strasbourg may accept its role of antechamber to Brussels with some equanimity, the same cannot be said of the EEC's plan for direct elections to the European

The chief relevance to some countries of Council membership is as a stepping stone to the EEC.

Parliament which it is feared will inevitably upstage the Council's parliamentary assembly to which MPs are only nominated.

Of course, a directly elected European Parliament will be a quite different animal, with aspirations to form one day the legislature in a European union—a road the Strasbourg assembly cannot possibly travel. But the Council Secretary-General, Mr. George Kahane, last week told his assembled parliamentarians in order to avoid misunderstanding and misgivings, the directly elected Euro-MPs would have to acquire "more distinctive image." Brushing up its image may not be easy when many national parliaments tend to field their second or third eleventh for the Strasbourg sessions as a gastronomic reward for, as one British MP put it, "service to the party."

Given the sensitivity of the Council to having its toes trampled on, however unintentionally, by the EEC, the speech by Mr. Leo Tindemans to the Council's assembly last week was more than welcome. Clearly

## BRAZILIAN STOCK EXCHANGE

As from to-day, the Financial Times will incorporate the daily quotations of 10 of the most important Brazilian shares, within its Share Quotation Service.

This service is being sponsored by the Rio de Janeiro Stock Exchange.

## 18 FLIGHTS A WEEK TO TEHRAN.

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مکان الیوم



## OVERSEAS NEWS

Finance  
Ministers  
joint front  
for Manila

By Reginald Dale

HONG KONG, Sept. 30. THE COMMONWEALTH countries will adopt a joint front in pressing for more funds to be made available to developing countries at next week's annual meeting of the World Bank and International Monetary Fund in Manila. This was the main outcome of the first of two days of consultations here by Commonwealth finance Ministers to prepare their position for the Manila talks.

In the absence of Mr. Denis Healey, the Chancellor of the Exchequer, there was little talk of the British economy and the plight of the pound at today's session. The Ministers concentrated on two main themes—the replenishment of funds for the International Development Association (IDA) and the proposed increase in the World Bank's capital.

## Agreement

Mr. Shridath Ramphal, Commonwealth Secretary-General, said to-night that there was a very substantial agreement that urgent decisions should be taken on both issues—so as to increase financing facilities open to developing countries. But the Ministers have not had any detailed discussion of the amounts of money that should be involved.

While the World Bank has proposed a \$500m. funding of the IDA, the main source of funds for the world's poorest countries, the final sum agreed will depend to a large extent on the amount that the U.S. and the OPEC countries are prepared to contribute. Mr. David Coor, Deputy Premier and Finance Minister of Jamaica, said he thought that "realistically" the final sum might be between \$750m. and \$850m.

The Bank's aim is to try to persuade the OPEC countries to contribute \$150m., with the bulk of \$750m. to be supplied by the industrialised countries. But there is unlikely to be a final decision before the end of the year, when electoral uncertainties have been cleared up in the U.S. and Germany and Japan. The same applies to the proposed World Bank capital increase.

## Debt burden

There was less agreement here today on the rescheduling of the debt burden of the developing countries, with both the U.K. and Canada indicating that they would have reservations when the issue is discussed more fully to-morrow. While the developing countries are seeking a generalised solution, possibly involving cancellation of all the official debts of the poorest countries, most of the industrialised countries still argue that each case should be reviewed separately.

Mr. Coor said he hoped that the Manila meeting would at least recognise the urgency of the problem and call for immediate studies at expert level. Most delegates here were pessimistic, however, over the future of the "North-South Dialogue" in Paris, at which debt is one of the major issues. One developing country representative has scathingly described the Paris talks as a "dialogue about a dialogue."

Canada was the only country to raise doubts about the wisdom of IMF gold sales at today's session. Mr. Donald MacDonald, the Canadian Finance Minister, said that sales would be "counter-productive" for developing countries if they drove the price down. Developing countries receive the profits from the fund's gold auctions.

India repays  
SDR's 260m.  
early to IMF

By K. K. Sharma

NEW DELHI, Sept. 30. INDIA has repaid SDRs 260m. to the International Monetary Fund well in advance of the date they were due. The repayment has been made partly for loans taken from the oil facility of 1974 and partly from the first credit tranche.

Repayments in advance became possible because of India's windfall gains in foreign exchange reserves which have been rising unexpectedly for more than a year. They now stand at roughly \$200bn. (\$14bn.), a three-fold rise in the past year.

The main reason for the increase is the vastly increased remittances from Indians living abroad, of which about \$200m. annually are estimated to be made from Britain. In addition, India has had a surplus trade balance from April to July of around Rs8.5bn. for the first time in many years. A high-level committee of officials is now framing a foreign exchange budget. Rising reserves

## ON OTHER PAGES

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Syrians drive Palestinians  
from mountain strongholds

QORNAIYEL, Sept. 30.

ISOLATED BANDS of Palestinian commandos fought for survival in shell-scarred hills east of Beirut today, trapped by Syrian forces who virtually took over this strategic mountain region in a 36-hour blitzkrieg.

The Syrian offensive drove the Palestinians and their Lebanese allies out of Qornayel and a dozen other towns in the Christian heartland of Mount Lebanon.

Only Ras al Metn in the south held out against the Syrian tanks and troops battling down the slopes of Mount Knisse to link with Lebanese right-wing forces pushing in from the north west. Even in Ras al Metn the Palestinian commandos appeared to be cut off today.

There were signs that new peace moves were under way to halt the 17-month-old civil war with a major bargaining counter dramatically dashed from the hands of the Left and Palestinians by their second severe military defeat in seven weeks.

Two senior officials who represent the Palestinian Liberation Organisation in the Syrian capital Damascus returned hurriedly to Beirut today for consultations. Radio Beirut, controlled by Lebanese Left, reported the Syrian Government had offered a ceasefire.

The heavy fighting in the mountains left the front lines of the conflict straighter, simpler and shorter. It could lead to the reopening of the main highway from Beirut which meets the Syrian lines near the mountain resort of Sofar and Mus on through the Bekas Valley to Damascus.

That highway may now become the effective demarcation line between the area held by the mainly Christian Right and

that controlled by the mainly Moslem Left. From Ras al Metn and Hammana in the south to Metein and Ainbura in the north, the Palestinians and Left had held a deep salient of mountain country populated by a mixture of Christians and Moslems.

Syrian security officers have made several arrests in connection with a new wave of bomb explosions in Aleppo, travellers from the city told UPI yesterday. Meanwhile in Karachi an explosion blasted a Syrian Airlines office yesterday. It was the second attack against the airline's offices in Pakistan in 24 hours.

lately mainly by Maronite Christians.

Earlier, the Voice of Palestine radio said the attacking forces had suffered heavy casualties and losses in equipment.

The radio reported that the Palestinians and Leftists were

## Sudan death sentences

KHARTOUM, Sept. 30.

A SPECIAL military court today sentenced two former Cabinet Ministers to death in their absence for their role in an abortive coup against President Jaafar Nimairi last July, the Sudan News Agency reported.

The two men—former Prime Minister Sadiq al-Mahdi and former Finance Minister Sharief al-Hindi—were among 26 people being tried on charges of waging war against Sudan and attempting to overthrow the Nimairi administration.

Of the other 24 accused, six received life imprisonment.

seven were given 10 years and three were given three years, the agency said. Eight others were acquitted.

Ninety-eight people were executed last month after being convicted of taking part in the uprising which Sudan claims was masterminded by Libya.

Earlier testimony showed that details had been worked out at a meeting in London of Sadiq al-Mahdi and al-Hindi in London earlier this month that he had helped to organise the coup.

Reuter

## Torture allegations in Rhodesia

BY OUR OWN CORRESPONDENT

A 95-PAGE dossier published in Salisbury today by the Catholic Commission for Justice and Peace in Rhodesia alleges that there has been widespread torture and maltreatment of black civilians by Government forces in the course of the country's civil war.

One section of the dossier—entitled "Civil War in Rhodesia: Abduction, Torture and Death in the Counter-Insurgency Campaign"—deals with security force activity in the Gokwe area in north-west Rhodesia and cites two cases in which it is claimed that

electric shocks were applied to the genitals of men suspected of having information about guerrilla activity.

Other chapters in the report describe cases of alleged assault in other areas, condemn the counter-insurgency techniques used by the Rhodesian Government, question the circumstances of the deaths of "curfew breakers" and other black civilians, give three cases of persons who may have been abducted, and conclude with an analysis of Rhodesia's emergency legislation.

## Swapo claims successes

BY JANE BERGEROL

LUANDA, Sept. 30.

THE NAMIBIAN Liberation movement Swapo today claimed to have staged six successful guerrilla operations against South African forces inside Namibia resulting in the deaths of more than 50 South African soldiers.

Meaning the Angolan Government issue the strong denial of South African-inspired reports that Swapo and Angolan forces had perpetrated massacres in southern Angola.

The Angolan spokesman accused Pretoria of trying to divide the five front-line States—Tanzania, Mozambique, Botswana, Zambia and Angola—in pursuance of South Africa's interests in Rhodesia and Namibia, by putting out this and other reports against Mozambique and Angola.

The Angolan Government

statement is in a long line of denunciations of alleged violations by South African forces of the Namibia-Angola border since the South African army withdrew into Namibia last March.

A South African regular soldier said to have been captured inside Angola on August 27 was recently presented to the Press here, while the escalation in South African military activity on the border caused the Luanda Government to order a stop to all work at the Caluque dam site on the Cuanene River, about a month ago. Since then there have been no further construction operations on the site by South African staff who had hitherto crossed into Angola in daylight, while the installations are under FAPLA military guard.

The chief minister of the Transkei, Paramount Chief Kaiser Matanzima, called the election ostensibly to obtain a mandate to make the Transkei an independent state. In practice, however, the issue has already been decided, since Chief Matanzima has already signed independence agreements with Pretoria and the Transkei is scheduled to become independent on 26th October.

However one of the most contentious issues in the independence debate is whether the

SALISBURY, Sept. 30.

The report says it sets out to show "the sufferings of blacks at the hands of Government forces, sufferings no less terrible than those publicised by the Government as perpetrated by the insurgents."

The report comes in the middle of delicate negotiations to resolve the Rhodesian dispute. But the Commission feels that there cannot be racial reconciliation in Rhodesia until Whites realise just what has been taking place during the guerrilla war in which nearly 3,000 lives have been lost, mainly guerrillas and Black civilians.

The Commission's president is the Roman Catholic Bishop of Umtali, the Rt. Rev. Donald Lamont (65) who to-morrow appears in the Umtali magistrates court for sentence on charges of having failed to report the presence of guerrillas. He was convicted last week.

All past accusations of Security Force brutality have been initially denied by the Rhodesian Government, though in several cases victims subsequently received compensation.

Some of the most disturbing allegations in the latest report are contained in the chapter which describes police and army interrogation methods in Goke Tribal Trust.

In April 1975, says the report, the authorities learnt that insurgents had entered the area and suspected of having information, used extreme brutality including the use of electric shocks.

Xhosa in urban townships like Soweto will be forced to accept citizenship of the Transkei. Although the Transkei is theoretically the homeland of the Xhosa, many of the 1.3m. of them living in South Africa proper have never been to the Transkei and have only the vaguest notion of where it actually is. Only about half the Xhosa in South Africa actually live in the Transkei although the Republic's government is insisting that the ones in South Africa automatically become citizens.

## Transkei election fails to excite interest

BY JOHN KANE-BERMAN

JOHANNESBURG, Sept. 30.

BLACK people in Soweto showed an almost total lack of interest in yesterday's Transkei general election. Late last night electoral officers reported that the election had been a flop because fewer than five voters had cast their votes at most of the polling stations in the township.

One returning officer said that only four people had voted during the 12 hours he had been sitting at the polling booth. At some booths there were more armed police than there were voters.

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## Japan paying price over MiG

BY DOUGLAS RAMSEY

TOKYO, Sept. 30.

ANOTHER JAPANESE fishing boat has been seized by Soviet authorities in the continuing war of attrition Japan is being made to suffer for its part in the MiG 25 affair.

The 17-ton Kosei Maru was reportedly captured on Tuesday in waters just off the disputed southern Kurile Islands, and is the seventh vessel seized by Soviet patrol boats since the MiG25 Soviet fighter landed at Hakodate airport in Hokkaido and Tokyo refused to return either the aircraft or the pilot to the Soviet Union.

Japanese fishermen stand to suffer most directly from the new row in Soviet-Japan relations. Yesterday, in what is here described as a "tense" one-and-a-half hour meeting in New York between Japan's Foreign Minister Zeniro Hata and Soviet counterpart, Mr. Andrei Gromyko, the Soviet diplomat openly threatened Japan with retaliation by warning that from now on "Japanese fishermen violating Soviet laws would be

dealt with harshly," as paraphrased by a Foreign Ministry spokesman in Tokyo today.

Mr. Gromyko's threat has already had some influence on Japan's handling of the incident. According to the spokesman, this

Japanese prosecutors yesterday laid more charges against ultra-right-wing businessman Yoshio Kodama, who, according to his defence counsel, was too ill to appear at the start of his trial in the Lockheed payments scandal. UPI reports from Tokyo.

hard Soviet line "was maybe one reason why we decided to return (the MiG 25) and not confiscate it." Talks are set to begin to-morrow with Soviet embassy officials in Tokyo on the details.

Experts from the Air Self-Defence Force have been given until October 5 to finish their detailed inspection of the aircraft, and the Government

would like to hand the supersonic fighter back on or about October 20.

Japan has stated from the outset that it felt entitled to examine the aircraft due to what one diplomat called "the threat of infringement it posed to our national security."

Right or wrong, Japan's first decision not to hand the aircraft back immediately to Soviet authorities will have adverse effects on Japanese interests, a fact which diplomats here are sensitive to. The Foreign Ministry spokesman admitted, perhaps too frankly, that "it is true other countries may gain more than Japan from the detailed examination of the MiG25."

It is now virtually certain that Soviet Party boss Leonid Brezhnev will not make a trip to Tokyo as agreed last January between the two countries. Mr. Gromyko, however, is in Moscow now and not even considering discussing the return of the islands occupied by the Soviet Union since the Second World War and still claimed by Japan.

Saudi  
projects  
cancelled

Financial Times Reporter

SAUDI ARABIA has cancelled tenders for billions of dollars worth of desalination plants and extended the completion date from 1979 to "early 1980s" of a \$4bn. gas gathering, treatment and distribution project being undertaken by a subsidiary of Fluor Corporation.

These, according to Petro-money Report, the FT newsletter, are the main elements of a radical reappraisal and slowing down of the country's ambitious \$14.2bn. five-year development plan, which began in July last year. Port congestion, manpower shortages, other bottlenecks and inflation are thought to be the main reasons for the Saudi decision. Other steps known to have been taken are the indefinite postponement of a steel-rolling mill project in Jeddah; and the virtual scrapping of plans for an aluminium plant. In addition, Mitsubishi has asked the Saudi Government for a three-year postponement of its proposed petrochemical plant.

Ewbank and Partners of the U.K., consulting engineers for several of the desalination plants, have confirmed that bids tendered or requested for proposed plants have been cancelled, and that representatives from their company are going to Saudi Arabia within the next month to discuss the situation with Saudi authorities. Ewbank's own work, it is stressed, is not affected.

## Toyota U.S. prices

Toyota Motor said it is considering a slight increase in retail prices of its cars in the U.S. in the near future because of the rise in value of the yen against the dollar. Reuter reports from Tokyo. The amount and starting date of the increase will be determined by its American subsidiary Toyota America, but Japanese Press reports said the margin will not exceed 3 per cent. Toyota sells some 35,000 vehicles monthly in the U.S.

## Iranian drill plant

Clarkson International Tools subsidiary, Smart and Brown, has won a \$1m. order for a drill manufacturing plant in Teheran. The plant, which will be commissioned next year, is able to turn out more than 2.5m. twist drills a year. Clarkson said the plant would be able to cater for the whole of Iran's developing drilling market and "is only the first phase; there are further developments which will take us well into 1978," it added.

## Armco Steel petition

Armco Steel said it has filed a countervailing duty petition with the U.S. Treasury Department seeking relief from allegedly unfair trade practices by Terni, an Italian producer of grain-oriented steel and the Italian Government. Reuter reports. Grain-oriented steel is a silicon alloy steel used for all types of electrical transformers. Armco said its petition charges that the Italian Government and bank-owned or controlled by the Government, paid bounties or grants to increase Terni's grain-oriented steel production capacity for export.

## HK computer market

The number of small computers installed in Hong Kong this year has increased by 20 per cent, with the U.K. the major supplier, according to a survey report conducted by the Hong Kong magazine, Computer Year-book. In the first seven months of this year, Hong Kong imported \$40.7m. worth of computers, representing an increase of 31.8 per cent on the same period of 1975. In 1975, computer imports amounted to \$5.75m. up 24.3 per cent from total imports of \$4.65m. in 1974. The value of \$14.5m. in 1975 and for the first seven months of this year the value amounted to \$12.2m. Other computer supplies come from the U.S., Japan and France.

## 'Good fence' trade

Israel bought from the Lebanon \$110,000 worth of tobacco and sold goods to Lebanese citizens to the value of close to \$200,000 since the beginning of 1977.

This was announced on the completion of eight months of the "good fence" policy under which Lebanese workers can cross the border fence to jobs in Israel, but must return there or make use of the three clinics set up by the Israeli army along the frontier, our Tel Aviv correspondent reports.

Order for  
Sparrows

Sparrows Contract Services has been awarded a contract worth initially \$1.6m. involving the hire of lifting equipment for use in Saudi Arabia. The contract was awarded by National Contracting Company of Al Khobar, one of the Alireza group of companies which operate in all the Gulf states. The lifting equipment is said to be urgently required as part of a temporary dock facility to relieve port congestion in Damman, being set up by the National Contracting Company in a joint venture with PHS Van Ommeren of Rotterdam, to handle over 2m. tonnes of bagged cement per year. Sparrows is shipping out mobile and crawler cranes and fork lift trucks, and is also supplying crane operators and the necessary support.

Japan 'to support EEC'  
variable tariff proposals

BY DOUGLAS RAMSEY

TOKYO, Sept. 30.

JAPAN will shortly throw its weight behind European Economic Community proposals for a variable tariff cuts in the round of multilateral trade negotiations, according to Government sources quoted in the leading Japanese news agency, Kodo.

The sources reportedly said that Tokyo will make known its position at the October 13-14 meeting of the MTN tariff group in Geneva.

That position may displease American negotiators at the talks, but it will come as no surprise. The EEC and Japan have similar tariff structures, with the vast bulk of rates contained in a median range of levies.

United States tariffs, on the contrary, are in some cases very high and other cases very low. Washington has proposed that across-the-board tariff cuts be applied along with a formula to

prevent its lowest tariffs from being completely or significantly wiped out.

Japan is all in favour of a floor below which tariffs would not be cut primarily to prop up domestic industries which face stiff competition from abroad. There are not many of these industries, but data processing is one instance of an "infant industry" Japanese-style, and the textile sector is coming under increasing pressure from cheap labour Asian neighbours.

But any across-the-board cut in tariffs would be anathema to Japan which wants to see very high duties in the U.S. cut down to the level prevailing in Europe and Japan. Textiles, again, is a case in point, but there are others.

So officials at the Finance Ministry and other departments here will back the "harmonisation" formula set out forward by EEC negotiators. This aims at reducing high tariffs more drastically than lower ones, thereby cornering the Americans into "harmonising" their rates along lines adopted by Japan and Europe. The U.S. proposal to cut all tariffs by 60 per cent would do this.

The Japanese Government will attempt next week to extract substantial changes in what it claims is an inequitable U.S. civil air agreement which last year helped U.S. carriers take in \$600m., while limiting Japan Air Lines to \$290m. in revenues on Japan-U.S. travel.

In negotiations on the two countries' Civil Air Transport Agreement, the Japanese side will seek for Japan Air Lines to get a larger share of the expanded rights to continue JAL flights through the U.S. to other countries, and a bigger share of passengers carried. Talks are scheduled to open October 4.

ports in June, the Swedish quota was fixed at 5,500 tons a year against 1975 exports to the U.S. of 10,100 tons. In determining the quota the U.S. must include imports of ball-bearing steel which almost equal the quota.

The American customs administration decided on the basis of a chemical analysis from September 18 ball-bearing steel would be classified a tool steel and would therefore fall within the quota.

Swedish special steel exporters are already approaching the 6 per cent of the annual quota which they were allowed to sell in the U.S. during the first six months of the year.

Japanese exporters are reported to be facing a similar situation but it is understood here that the U.S. government has agreed to waive the 60 per cent rule in their case.

## Action on bearings predicted

BRUSSELS, Sept. 30.

THE Common Market Commission, under strong pressure from Governments and industrialists, could take action soon to investigate alleged cut-price dumping of ball bearings by Japanese exporters, informed sources said.

Although a strictly commercial problem, the question of cheap sales of ball-bearings from Japan has highly-sensitive political overtones.

It is one of the key sectors where EEC industrialists and Governments feel exposed to tough competition from Japan's export drive. Other sectors are shipbuilding, electronics, textiles, steel and automobiles.

The sources said that the Commission is expecting a formal request from ball-bearing producers in the community, led by those of Britain, West Germany and France, to open anti-dumping procedures.

The producers met here privately at the weekend to discuss strategy, the sources said. If the Commission opens an investigation it can force the Japanese exporters to raise their prices

under the threat of increased import duties imposed by the Community.

Under EEC rules there are two criteria for taking anti-dumping action: when a country sells to the EEC at prices below its own domestic selling price; and when such sales seriously prejudice the livelihood of the EEC's own industry. Reuter.

William Duffice writes from Stockholm that Swedish special steel exports to the U.S. are in danger of grinding to a halt following a decision by the American customs to include ball-bearing steel among the special steel categories, on which the U.S. imposed import quotas in June.

The Swedish Embassy in Washington is urging the U.S. Government to correct urgently a situation which has arisen because of a difference in interpretation between its customs administration and its International Trade Commission (ITC).

When the U.S. imposed its restrictions on special steel im-

BAC wins  
£12m. order

By Michael Donne, Aerospace Correspondent

Cyprus Airways has ordered two One-Eleven Series 500 airliners from British Aircraft Corporation (BAC) for delivery in the first quarter of 1979. In the meantime, two One-Elevens will be leased to the airline.

The deal brings the total number of One-Elevens in service on or order to 222, worth over \$32m., of which two-thirds are export contracts.

Cyprus Airways will use the One-Elevens on local and regional services linking the island with Eastern Mediterranean destinations. Each aircraft has a capacity of 104 passengers.

Founded in 1947, Cyprus Airways is now owned 53.2 per cent by the Cyprus Government, 22.7 per cent by British Airways Associated Companies, and the rest by local private interests.

## U.K. 'must invest £20bn.'

FINANCIAL TIMES REPORTER

BRITISH industry needs to spend an estimated £20bn. on re-equipment to catch up with foreign competitors, Sir Frederic Catherwood, chairman of the British Overseas Trade Board said yesterday.

"Ingenuity and adaptability have got us by," he said at an export conference lunch in Bradford. "But our share of world trade has halved and we must hold our own much longer without massive re-equipment."

"It is estimated we need £20bn. to catch up. We cannot do it all at once but we could do it at a rate of £3bn. a year for the next six or seven years."

"That is what we need in cash terms to reduce unemployment and to raise our standard of living."

Sir Frederic said Britain was

competing on investments, not on wages and with complex production systems not with tropical raw materials.

"Somehow we have to find the money and the determination to make the matching investment. The money comes first from a successful export effort." But he added: "We need risk money to support us."

In the last 15 years high investment in Britain equalled high risk, the risk of inadequate markets at home and inadequate margins abroad.

"Now that we are firmly in the European Community and have a competitive currency but inadequate investment, the risk is reversed."

The risk is that we lose the markets we have and with them the cash flow we need to stay in business."

## RTZ in Brazilian bauxite bid

BY DAVID WHITE

RIO DE JANEIRO, Sept. 29.

Rio Tinto-Zinc is understood to be seeking a joint venture with the Brazilian State-controlled mining group Companhia Vale do Rio Doce (CVRD) to exploit its bauxite reserves at Paragominas in the eastern Amazonian State of Para.

A feasibility study on the RTZ concession is due to be completed next year. The area is currently believed to contain bauxite reserves of about 100m. tonnes. If the study proves successful, commercial mining operations are expected to begin in 1980.

The concession is held by a 100 per cent subsidiary of RTZ, Vera Cruz, but the British company is understood to be negotiating for CVRD to take over the majority interest in the operation of the mine. A spokesman for CVRD confirmed that discussions between the two companies were taking place.

RTZ, whose offshoot Rio Phoenix began exploration in Brazil five years ago, originally envisaged producing bauxite for export to major industrialised consumers, but production may now be geared to local processing facilities.

A \$1.3bn. aluminium smelter, CVRD holds the majority stake likely to be run by CVRD and a consor-

tium of Japanese companies, project.

However, the attraction of RTZ's Paragominas project, which is relatively accessible. The plant to be built in the outskirts of Belem, the capital city lies about 20 miles from Paragominas, is linked to a bauxite mine already being developed on the Trombetas river, barges to Belem. The nearby northern tributary of the town of Paragominas lies off the main road from Brasilia to Belem, and the area is becoming a major class trunk road to cross the Amazon region.

The Trombetas ore will have to be shipped a considerable distance—some 700 miles—down the Amazon, while the same ore can be shipped by barge to Belem, and then by rail to the Trombetas plant.

The practicability of exploiting relatively remote reserves is becoming greater as the world's bauxite deposits, such as Trombetas and another in Trinidad and Surinam, become exhausted and mining costs rise.

The sources estimated world market capacity at 90m. tons in 1980, and by 1985, when the Trombetas and Paragominas projects are expected to be in full production, the market is thought to absorb a further 50m. tons a year.

## FORWARD TRUST LIMITED—BANKERS

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## REPUBLIC OF KOREA INDUSTRIAL MACHINERY PROJECT AT CHANGWON HYUNDAI INTERNATIONAL INC. PREQUALIFICATION INVITATION TO VENDORS

Hyundai International Inc. is planning to build, at Changwon, Korea, a large-scale machinery manufacturing plant capable of producing machinery and equipment for steel mill, electric power plant, chemical and petrochemical plants. The major project products are as follows:

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2. Power plant with capacity of 5MW-1000MW, such as Turbine-Generators, Boilers
3. Chemical and petrochemical plant, such as Reactors, Heat Exchangers, Towers and Vessels, Pumps and Compressors

The Company has applied for a loan from the International Bank for Reconstruction and Development (IBRD) to assist in financing the foreign currency needs for the procurement of machinery and equipment required for heavy and general machine shop, fabrication and assembly shop, foundry shop, forging shop, heat treatment shop, and laboratory of the plant. The procurement will be made through international competitive bidding, open to vendors in member countries of IBRD and Switzerland.

Vendors who have experience in supplying equipment for similar plants, interested in participating in the bidding on equipment for this project may apply for prequalification by writing to:

Supply Department  
Hyundai International Inc.  
200, Dangjungs-Ri, Nam-Myun  
Sinsung-Kun, Kyunggi-Do,  
Korea

All correspondence should be in English. The Company will provide details for the preparation of application documents for prequalification. However, the Company reserves the right to reject any applicants for prequalification without assigning reasons therefor. Invitation to bid will be issued only to prequalified vendors.

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HYUNDAI INTERNATIONAL INC.

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## HOME NEWS

### Packaging costs up by 7% this year

By our Consumer Affairs Correspondent

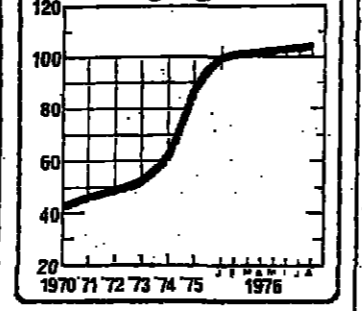
THE COST of packaging has risen by almost 7 per cent this year, a new index of packaging material prices showed yesterday.

The index, which takes January this year for its base and monitors the prices paid by manufacturers, rose from 106 in July to 106.59 in August. Packaging accounts for about 6 per cent of the rated price of food, so the index is a guide to future retail prices.

Metals have shown the biggest increase this year, manufacturers paying 11.83 per cent more for their metal packaging requirements in August than in January.

The cost of plastic bottles, jars, caps and closures rose by 10.72 per cent, in the same period, while the price of corrugated packing cases of paper and board increased only by 0.34 per cent.

Wooden containers increased on average by 5.92 per cent, and glass by 6.79 per cent.



### New-style trainer for pilots

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS is spending about £1.5m. on a new computer-based training aid it hopes will enable its pilots to land in weather conditions which now cause diversion to other airports.

The aid, when fitted to a ground-based flight simulator, enables pilots to be given realistic training in landing and taking-off from airports in bad weather conditions at night.

Five of the systems have been ordered from the Link-Miles Division of The Singer Company (U.K.). Of the three delivered, two have been fitted to the airline's Boeing 747 simulators, and one to the 707 simulator at Cranefield, Heathrow, training headquarters.

The two systems still to be delivered will be used in conjunction with TriStar and Trident III simulators.

Link-Miles says that 23 of its Visulink Pointscan systems have been ordered by airlines, including Northwest, Southern, United and Continental of the U.S., British Airways in Europe and several in the Middle East.

### 'Dry, then wet October'

MAINLY dry weather is expected during early October, followed by rainy periods later in the month, the Meteorological Office said yesterday.

Temperatures are likely to be about average in western districts, but below average elsewhere, with colder conditions during the second half of the month.

Rainfall will probably be above average in central and southern parts of England and Wales, and about average elsewhere. More fog than usual is probable.

### Swan Hunter to service rig

SWAN HUNTER has contracted to overhaul the British semi-submersible drilling rig, Kingsnorth U.K., now working for Shell in the Brent Field off the Shetlands.

The rig is expected in the Tyne towards the end of this month or early next month. In January it starts a 12-month charter in the E.C. sector of the North Sea for Mobil.

## The train now entering... high-speed travel era

BY IAN HARGREAVES

THERE WAS broad satisfaction among British Rail staff yesterday as the 10.26 train from Paddington slid into Cardiff Central four minutes ahead of schedule.

Not that there were any fare-paying customers to please. The passengers on the 109-minute journey on the High Speed Train of Mr. Peter Parker, the railways chairman, were a wide selection of his staff, and journalists.

British Rail's 125 mph Inter-City 125 service starts on Western Region on Monday.

Eight trains will go into service immediately, cutting between 22 and 27 minutes from present journey times from London to Bristol and South Wales.

### Seven years

By next summer, the region will have a fleet of 27 trains, at a total development cost of £43m. After that, 32 more 125 mph trains will be introduced on East coast services.

Mr. Parker, making his first trip aboard the high-speed train for a meet-the-staff session at Cardiff, took the opportunity to broadcast a message over the train's public address system.

He reminded the Government that it had taken seven years to develop the 125.

"The acceptance of that long-term planning base will, I hope, emerge clearly from the debate on transport which is taking place following publication of the Government's consultation document."

### Equalitarian

It was the only hint of controversy on a day of wide smiles and self-congratulation.

But British Rail hopes that the 125 technology will sufficiently impress Mr. Jim McDermott, vice-chairman of the U.S. manufacturer Pullman Standard, when he visits Britain next week to start a breakthrough towards achieving a substantial export market for the train.

Even if the U.S. buys the train, it will probably not be able to run it at 125 mph because of inferior quality of tracks, but British Rail hopes that the train's lightness and remarkably smooth suspension

system will still give it a market.

In fact the 125 makes the railways one of only three operators with 125 mph services, the others being the French and Japanese.

British Rail seems certain to retain its place in this league through the £20m. development of its three 150 mph advanced passenger trains, which should be in experimental service on the London-Glasgow line within two years.

For a start, though, the wedge-nosed 125 will offer 32 journeys from London to Wales and Bristol from Monday to Friday, with ordinary Inter-City trains filling out the service until the fleet is complete.

The suggested Welsh National Transport Authority would be directly accountable to the proposed Welsh Assembly, operating on the basis of three directorates—for passenger, freight and international business.

Plaid Cymru wants no further closure of passenger rail services and says that Wales has lost of England.

The lack of airport investment by the Government is also attacked.

Plaid Cymru calls for the setting up of a Welsh Bus Company to replace the National Bus Company's Western Region, which includes the West Midlands, Oxfordshire and the North West of England.

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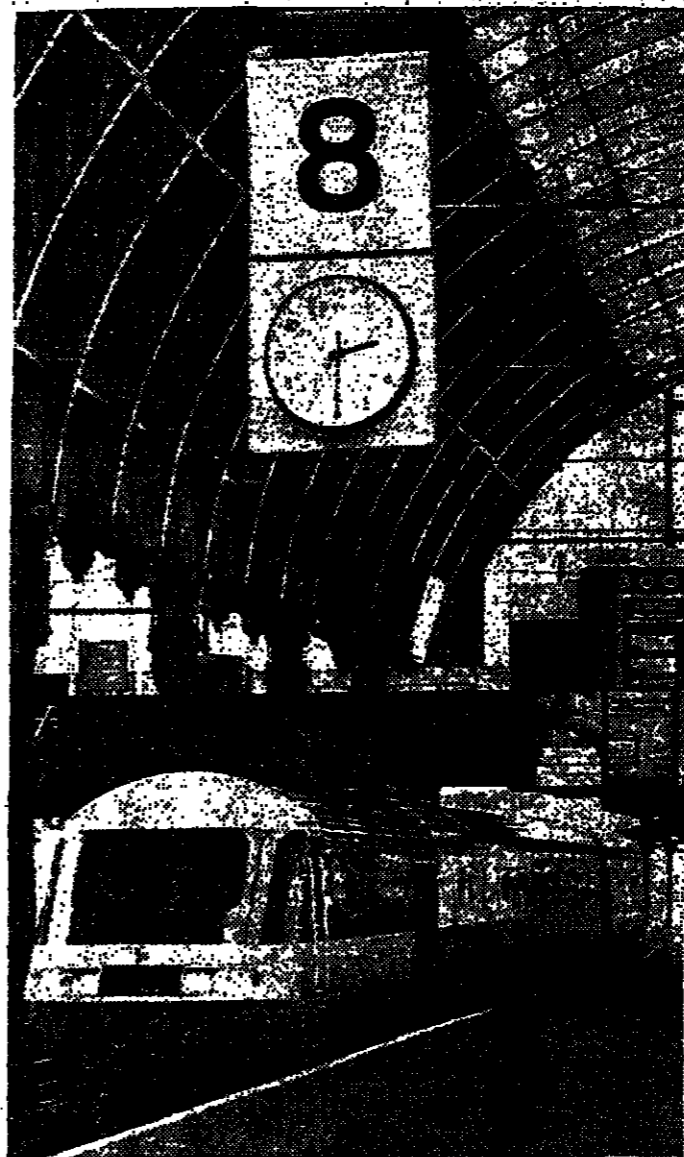
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The "125" arrives at Paddington from Cardiff.

exceptional features. The passenger may be most immediately impressed with the automatically operated doors, the key beer and the much improved buffet service.

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## Docks had 14.7% labour surplus

By John Wyles, Shipping Correspondent

THE OVERMANNING handicapping leading British ports is quantified in figures published today which disclose an average daily surplus of 14.7 per cent among registered dock workers last year.

According to the National Ports Council's annual digest of statistics, only 68.3 per cent of a total registered workforce of 33,638 dockers were employed, on a daily average basis. Apart from the 4,851 who were surplus because of lack of work, an average 1,453 were sick or injured, with 1,102 not working because of disputes.

The figures arise from a census carried out by the council in June last year. They throw a fresh light on the dock labour scheme which under current legislation would be extended to all major ports. Critics allege that the scheme is preventing the development of a rational manpower policy in the ports because it stops employers bringing their labour forces into line with cargo-handling demands.

### £74 average

The Port of London Authority, for example, estimates that its registered dockers surplus will cost about £3m. this year. The council's census discloses that on average 1,825 were surplus to requirements, each day, 16.4 per cent of the men on the permanent register.

The statistics also show the movement in dockers' pay and hours. At the end of last year average gross pay for 40.9 hour week was £73.56, compared with £29.73 for 35.4 hours at end 1968.

Traffic through ports last year sketches the contours of recession. Foreign and coastwise traffic of 315.9m. tonnes was 51.8m. tonnes down on the year before, and more than 60m. tonnes below 1973's record 367m. tonnes.

Crude oil and petroleum products showed the biggest fall. Annual Digest of Port Statistics, 1975 Volume 1, National Ports Council, £10.

## Europe urged to end hidden subsidies

By Our Shipping Correspondent

A PLEA for fair competition between European ports and an end to hidden subsidies was made in Rotterdam yesterday by Mr. Noel Ordman, executive director of the Port of London Authority.

Mr. Ordman, who is responsible for the PLA's development planning, told the International Harbour Meeting that competition between ports should be encouraged but should be on an equitable basis.

His paper reflected the jealousy of British port operators of the subsidies made available to Continental ports.

Mr. Ordman said that the amounts of port subsidies should be made public. If subsidies were ever to form a part of EEC policy they should be based on agreed criteria.

All of these securities having been sold, this advertisement appears as a matter of record only.

### New Issue

September 16, 1976

7,500,000 SHARES

## PACIFIC GAS AND ELECTRIC COMPANY

COMMON STOCK  
(\$10 PAR VALUE)

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Dean Witter & Co.

Bache Halsey Stuart Inc.

The First Boston Corporation

Dillon, Read & Co. Inc.

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E. F. Hutton & Company Inc.

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دكان المير

# HOME NEWS

## Computer company rebuilds Board

By Christopher Loring, Electronic Correspondent

INTERNATIONAL Computers announced yesterday a restructuring of its Board to coincide with the end of the financial year and receipt of the Government's £40m. aid.

Five new directors have been appointed, but only two will have executive functions. ICL's worldwide managing director, Mr. Peter Ede, and the finance director, Mr. Murray Stuart.

The three non-executive appointments are of Professor Gordon Black, Manchester University, Mr. Tom Hudson, former managing director of Vickers, and Mr. Paddy Rodgers, personnel director of Plessey.

To make room for Mr. Rodgers as one of Plessey's two representatives on the Board, Mr. Tom Hudson resigned yesterday from the Plessey Board. ICL now has ten directors.

The Board reorganisation was necessitated by the resignation of Mr. Murray Stuart, ICL's former managing director, after the receipt of the Government's £40m. aid.

Although the National Enterprise Board now has a shareholding in ICL of 24.4 per cent, the same as Plessey, it has no representatives on the Board. This right was conferred to the three major shareholders.

As a major shareholder, however, it was involved in the consultations which led up to the new appointments.

Yesterday's receipt of a cheque for £40m. marks the end of an era during which ICL has been obliged to depress dividend levels. Shareholders will have to wait until December to know whether it will be paying the maximum allowable under Treasury rules.

Reorganisation of a computer company, Page 15.

## Mortgage rate likely to rise next week

By Michael Cassell, Building Correspondent

It now looks almost certain that a decision to raise the mortgage rate to a regular level will be taken next week by the Building Societies.

An interest rate move has been originally expected in November or December, but societies have become so alarmed at the reduction in the inflow of funds, after recent increases in competitive interest rates, that immediate action is now thought necessary.

The new interest rate structure is likely to be decided at the societies' meeting of the Building Societies Association.

Existing borrowers would have about one month's grace before the change came into effect.

New borrowers would face the higher rate immediately and investors should benefit from the new rates almost at once.

The most likely outcome is a decision to raise the mortgage rate from 11.5 per cent to 12.5 per cent.

The mortgage rate would climb from its present 10.5 per cent to 11.5 per cent, leaving the societies' all-in interest margin at about the same level as at present.

An alternative, which might be favoured by the smaller societies seeking an improvement in their margins, would be to raise the rate to 12 per cent, leaving the margin at 1.5 per cent.

It seems that, in spite of the recent references to Mr. Denis Healey, Chancellor, of the possibility of holding the mortgage rate down, the Government has now accepted the case that some adjustment is necessary.

Ministers do not wish to see any decision which raises the cost of living at such a critical stage in the anti-inflation programme.

But at the same time they appreciate the consequences for the housing market and

construction industry if no mortgage finance is available.

Representatives of the building societies yesterday met officials from the Treasury, Bank of England and Department of the Environment for one of their regular monthly meetings.

It became clear during the meeting that the only action which Whitehall would not be prepared to contemplate would be an increase in the mortgage rate to 12 per cent.

Figures showing just how much the societies have suffered over the last few weeks since general interest rates rose sharply are not available yet, but it is understood that the movement's net inflow of funds in September was down on the poor August figure of £18m.

At one stage this year, societies achieved net receipts of £276m.

The interest rate on new applications for Greater London Council home loans is going up from October 1 from 12 per cent to 13 per cent to meet the increasing cost of the council's own borrowings and expenses.

Dr. John White, chairman of the GLC Finance Board, said that: "the immediate increase would apply only to new purchases at this stage." Although there were 15,000 borrowers since July 1974 who had variable rate mortgages they had contributed to a reserve which would provide in part to cope with possibly rising costs in the years during which the mortgage was repaid.

"We will use the reserve for the time being to save having to ask these variable rate borrowers for more," he said.

## Squatters evicted in dawn raid

FINANCIAL TIMES REPORTER

THE 12 squatters who had been occupying the former home of Mr. Michael Heseltine, Opposition spokesman on industry, at Kensington, London, were evicted yesterday by the police.

The squatters, who claimed to have received a telegram from the present owner, a Saudi Arabian prince, saying that they could stay until next March, were removed at 7.15 a.m.

Police and officials from the office of the High Sheriff of London, armed with a High Court order forced their way into the £300,000, eight-bedroom house, and escorted the squatters from the building.

Police said that bricks were thrown by the occupiers but no one was hurt.

Mr. Michael Harris, Under Sheriff for the County of London, said that he considered the telegram purporting to come from

the Saudi Arabian owner was "not genuine."

A possession order was granted in the High Court last week on behalf of the owner, and the squatters, who were in the house for three months, were given until last Monday to leave.

Police were left outside the house to see that it was not re-occupied.

The leader of the squatter's group, Mr. Michael Stewart, was charged later at Notting Hill police station with obstructing a Sheriff and assaulting police.

He will appear at Marylebone magistrates' court to-day. Two other men were charged with insulting behaviour.

The Home Office said last night that the laws concerning squatting were likely to be changed soon after the Law Commission's review of legislation covering

## Vauxhall's new range boosts U.K. sales

By Terry Dodsworth

THE RECOVERY of Vauxhall's car sales in the U.K. in the past nine months was emphasised last night when the company said that it had already sold more cars this year than in the whole of last year.

The improvement, achieved without sacrificing export sales, which are up by 35 per cent. on last year, reflects the boost which Vauxhall has received from its new model programme in the last 18 months.

The new range began with the first hatchback Chevette, this was followed by the Cavalier, and is now supplemented by saloon Chevettes and an estate car.

All these cars have been well received by the public and the company's dealers, and their success has more than compensated for the decline of Viva registrations (down from 40,000 in the first 8 months of last year to 28,000) and the VX series (down from 10,000 to 5,000).

There have been signs recently of a slip from Vauxhall's original target of a 9.5 per cent. share of the U.K. market this year, which would represent sales of more than 125,000 cars.

### Supply snags

Component supply problems, particularly of electrical parts, have affected production, and up to the end of August the company's sales were running at 8.7 per cent.

Nevertheless, with sales of 87,977 to the middle of this week, Vauxhall is well placed to reach a total of between 110,000 and 120,000 for the full 12 months, against 87,949 registrations last year.

A significant proportion of this success—about 19,133 sales—is due to the Cavalier, the car imported from Vauxhall's associate plant at Antwerp where it is assembled from German-made parts.

The Cavalier is now the third best-selling car in the Vauxhall range after the Chevette and Viva, and there have been constant suggestions that Vauxhall might eventually move its production to the U.K.

It is known that the company has looked at the possibility of bringing the Cavalier to the U.K., but so far, no firm decisions appear to have been made. Any such move would help reduce the rising import bill that Britain now faces on cars.

## NEWS ANALYSIS—FORKLIFT TRUCKS

# An urge to merge

By Kenneth Gooding

THE NEED for the British-owned part of the industry (or the assets of Joshua Shaw and thus added a sideloader truck to its range.

The recent industrial strategy paper prepared by the industrial trucks "Little Neddy" said: "There is a need to achieve a measure of effective restructuring of the British-owned sector of the industrial truck industry in the U.K., enabling it to become a more effective force in world markets through the better use of the industry's financial, production, marketing and manpower resources."

The "Little Neddy" also insisted that the need for action was urgent but as possible by the industry itself.

Certainly it was medium-term considerations which have produced the merger announced to-day of Lansing Bagnall and Henley Forklift rather than any panic reaction to the recession.

But the slump in demand—production this year might be 20,000 trucks against the 27,000 assembled in 1974—says the optimists, has obviously helped to concentrate the minds of the managements involved.

Lansing Bagnall and Henley can make out a strong case to show that together they will be better able to handle the intense competition in overseas markets.

Their product ranges are compatible and Henley is already so strong in its exporting efforts that some of its U.K. rivals have jokingly said: "That company has almost disappeared from the home market because it is selling so much of its output overseas."

Last year a major order for big sideloader trucks for Russia probably helped to develop this impression.

Lansing Bagnall exported about 40 per cent. of the 10,000 trucks it built last year but even so, feels it can do better with a broader range to offer—some of which will have when linked with Henley.

There has already this year been some rearrangement of

the British part of the industry when Coventry Climax took over the assets of Joshua Shaw and thus added a sideloader truck to its range.

And if there is to be a substantial reshuffle of the British interests it seems that either Lansing Bagnall or Coventry Climax or both must feature prominently in the activity.

Coventry Climax is part of British Leyland's special products division and since going under the wing of the National Enterprise Board it has started a £2m. expansion programme, aimed at doubling its capacity to 5,000 units a year by 1978.

Actual output should be double that two years later. The company's turnover should be £17m. this year and £20m. next (against about £8m. for Lansing Bagnall and £20m. for Henley last year).

Most of the British-owned companies are private, non-quoted enterprises with limited financial resources. But this is something which has not hampered Lansing Bagnall—suggestions that its parent company, the Kaye Organisation, might soon go public because it needs the cash are dismissed as "totally unfounded."

Lansing Bagnall, the major element in the Kaye group, now has a £4m. investment programme over a two-year period to improve production facilities at various parts of its Basingstoke plants. The capital will be raised privately and the Government is chipping in with an interest-free grant on half the outlay.

The company has a number of funding sources—including a large retained cash flow—and spreads its credit around," says Mr. Philip Shelbourne, the merchant banker who is a non-executive director of Kaye.

Whether the combined Lansing Bagnall-Henley group will have the financial muscle to compete with the multi-nationals—particularly now that the marketing of industrial trucks is concentrating more and more on the kind of financial deal which can be offered—is another matter.

Electric trucks have perhaps 65 per cent. share of the total industrial trucks market in Britain while among the straight-forward forklift trucks the split is 50-50 between electric and diesel. Trucks powered by liquid petroleum gas (lpg) are about 40 per cent. of the 10,000 trucks built last year but even so, feels it can do better with a broader range to offer—some of which will have when linked with Henley.

There has already this year been some rearrangement of

But there is no clear leader in the U.K. where a dozen or so British-owned companies compete with three U.S. multi-national corporations which have manufacturing facilities here.

They are Caterpillar Tractor Co., Eaton (often still known in the industry as Yale) and Hyster. (Clark Equipment closed down industrial truck manufacturing in the U.K. this year but is still maintaining a strong marketing presence).

About 14,000 people are employed in the U.K. industry, producing forklift and other trucks worth more than £160m. a year. Exports accounted for about 40 per cent. of total sales while imports, at £34m, made up 25 per cent. of U.K. sales in 1974. The positive trade balance last year was £30m.

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## £4m. loan my responsibility—Sir Hugh

FINANCIAL TIMES REPORTER

SIR HUGH FRASER, chairman of Scottish and Universal, said last night that he took full responsibility for a £4m. loan made by the group, which has since had to be written off.

Of the loan to Amalgamated Caledonian in October, 1974, Sir Hugh said: "I said in my personal letter to shareholders that the decision to make the AMCAL loan is one for which I, as chairman and managing director of your company, must accept, and have in fact accepted, responsibility."

"It is clear with hindsight that this was a bad investment, although I hope—and I maintain this hope—that it may eventually prove not to be as bad as it seems now complete to regard it."

Turning to the error in the 1975 accounts, Sir Hugh said that from investigations it seemed that the initial error

was made in preparation of the accounts by the company, although auditors had admitted that failure to notice and correct the error was their responsibility.

"I hope that shareholders will accept my assurance that this was a genuine mistake and that in no way was an attempt to present the financial position of the company as being stronger than in fact it was."

"The question has been asked as to when the Board became aware of the error in classification. The answer is that I personally was informed of it towards the end of May, and I reported it to the Board in June."

"By that time our examination of the AMCAL loan position was at an advanced stage and it was felt that it would be misleading to make any public announcement of the error in advance of a decision based on that examination."

Sir Hugh added that Arthur Young McClelland Moores and Company, chartered accountants Glasgow, had said it would be prepared to accept appointment as auditor to the company.

A company of management consultants had been instructed with a view to the appointment of a new managing director and chief executive of Scottish and Universal.

As soon as this appointment was made, Sir Hugh would relinquish the position of managing director and would remain chairman of the company in a strictly non-executive capacity.

It had been decided that two additional outside non-executive directors should be appointed to the Board and Mr. A. I. Mackenzie had agreed to accept appointment.

There was criticism from the floor from small shareholders who said that directors should have been able to discover misclassification of the loan, particularly as so many Board members were chartered accountants.

### Applause

Mr. Charles Black, who said he represented 40 small shareholders, suggested that no director should have signed accounts which said that money was in the bank without seeing a bank certificate verifying that it was.

There was applause when Mr. Adam Brown suggested that Mr. Mackenzie should be invited to become chairman in place of Sir Hugh, and again when another questioner suggested that when separating the role of managing director and chairman of the company both positions should be advertised.

Sir Hugh said that at the time the mistake occurred, Scottish and Universal had been short of accounting staff and had to call in help. Mr. Lawrence Banks, chairman of the City Institutional Shareholders Committee, thanked Sir Hugh for his statement and said his committee would consider it.

The decision of the Commission at issue in this case may well erect a new barrier to foreign investment in the U.S. The Commission's treatment of the "actual potential entrant" and "toehold" theories places primary reliance on what is essentially a subjective approach to whether and how a foreign firm may enter the U.S.

In particular, it did not consider and evaluate properly the barriers which make entry into the U.S. market by a foreign firm inherently more difficult than such entry by a domestic or American firm.

All firms, whether domestic or foreign, face a series of obstacles to entering a new market. A foreign firm seeking to enter a market in another country faces numerous additional commercial, cultural, and other barriers which do not confront firms expanding inside a single country.

At first glance, because of common language, the U.S. might appear a market posing few problems for a British company seeking entry, but closer examination shows important obstacles for all foreign firms to overcome.

Differences in size of the market, commercial practices, and legal framework are significant. Although such barriers are not

insurmountable their cumulative effect is to increase difficulty of entry.

Flexibility and detailed analysis on toehold entry are especially important in a case involving acquisition of a U.S. firm by a foreign firm, because foreign firms wishing to enter a U.S. market face much higher barriers to their entry than do U.S. firms.

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lution.

There was criticism from the floor from small shareholders who said that directors should have been able to discover misclassification of the loan, particularly as so many Board members were chartered accountants.

There was applause when Mr. Adam Brown suggested that Mr. Mackenzie should be invited to become chairman in place of Sir Hugh, and again when another questioner suggested that when separating the role of managing director and chairman of the company both positions should be advertised.

Sir Hugh said that at the time the mistake occurred, Scottish and Universal had been short of accounting staff and had to call in help. Mr. Lawrence Banks, chairman of the City Institutional Shareholders Committee, thanked Sir Hugh for his statement and said his committee would consider it.

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In particular, it did not consider and evaluate properly the barriers which make entry into the U.S. market by a foreign firm inherently more difficult than such entry by a domestic or American firm.

All firms, whether domestic or foreign, face a series of obstacles to entering a new market. A foreign firm seeking to enter a market in another country faces numerous additional commercial, cultural, and other barriers which do not confront firms expanding inside a single country.

At first glance, because of common language, the U.S. might appear a market posing few problems for a British company seeking entry, but closer examination shows important obstacles for all foreign firms to overcome.

Differences in size of the market, commercial practices, and legal framework are significant. Although such barriers are not

insurmountable their cumulative effect is to increase difficulty of entry.

Flexibility and detailed analysis on toehold entry are especially important in a case involving acquisition of a U.S. firm by a foreign firm, because foreign firms wishing to enter a U.S. market face much higher barriers to their entry than do U.S. firms.

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## Liberal plea

MR. CYRIL SMITH, Liberal spokesman on the Social Services, last night called upon the Prime Minister to consult with the Conservative and Liberal leaders to Cardiff of Companies House, to obtain an agreed economic programme to unite the country.

He was replying to criticisms about the speed of the flow of information available to the public have been reduced from a peak of 12 weeks at one stage in the summer to eight working days now. Mr. Dennis Nottage, Registrar of Companies, and Jordans, that there were unnecessary delays at Companies House, whose new home in Cardiff was formally opened by Mr. Stanley Clinton Davis, Under Secretary for Trade, in June.

Mr. Nottage said that the transfer, at a cost of £7m, had coincided with the decision to change the method of filing company records, with an upsurge in company registration work running 25 per cent higher this year.

He believed that almost all backlogs had been eliminated, but dismissed suggestions by the agencies that company returns and accounts should be made available to the public unexamined. That was impracticable because of the extra administrative burden.

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## Companies House backlog cut

By Terry Wilkinson

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# A man in your position needs all the cars he can get.

Would five cars be about right?

We would have thought so.

If you agree, we'd like to invite you to test drive the new Fiat 132 ES. It's an automobile with a wealth of dimensions. Including one offered by no other car maker: The Fiat Mastercover Plan.

This covers bodywork for 2 years, all parts (plus labour) for 6 months and the engine, gearbox, transmission for a further 18 months.

That adds up to 2 years peace of mind. When you're running 5 cars it's an invaluable extra.

**1. It's a luxury limousine.** With unmistakable Italian styling, shimmering metallic paint, tinted glass and deep pile carpet door to door. Seated in a cloth upholstered, adjustable, wrap-around seat (with head restraint) you will enjoy the ease with which the inertia reel seat belt allows you to extract the cigar lighter. The sound proofed interior, quiet engine, and radial ply tyres produce a very peaceful ride.

**2. It's a sports car.** With a frisky 1800 c.c. twin overhead camshaft engine rushing from nothing to a mile a minute in a fraction over 10 seconds. Top speed over 100 mph. The gearbox has five forward changes. All four alloy wheels enjoy servo-assisted disc brakes.



**3. It's a family car.** With room for quins (if you fold up the centre arm-rest).



There are 4 doors. Luggage can be given a huge 14 cubic feet of boot.

**4. It's an economical runabout.** With an engine producing high torque at low revs. This makes town driving less of a strain on both nerves and pocket.

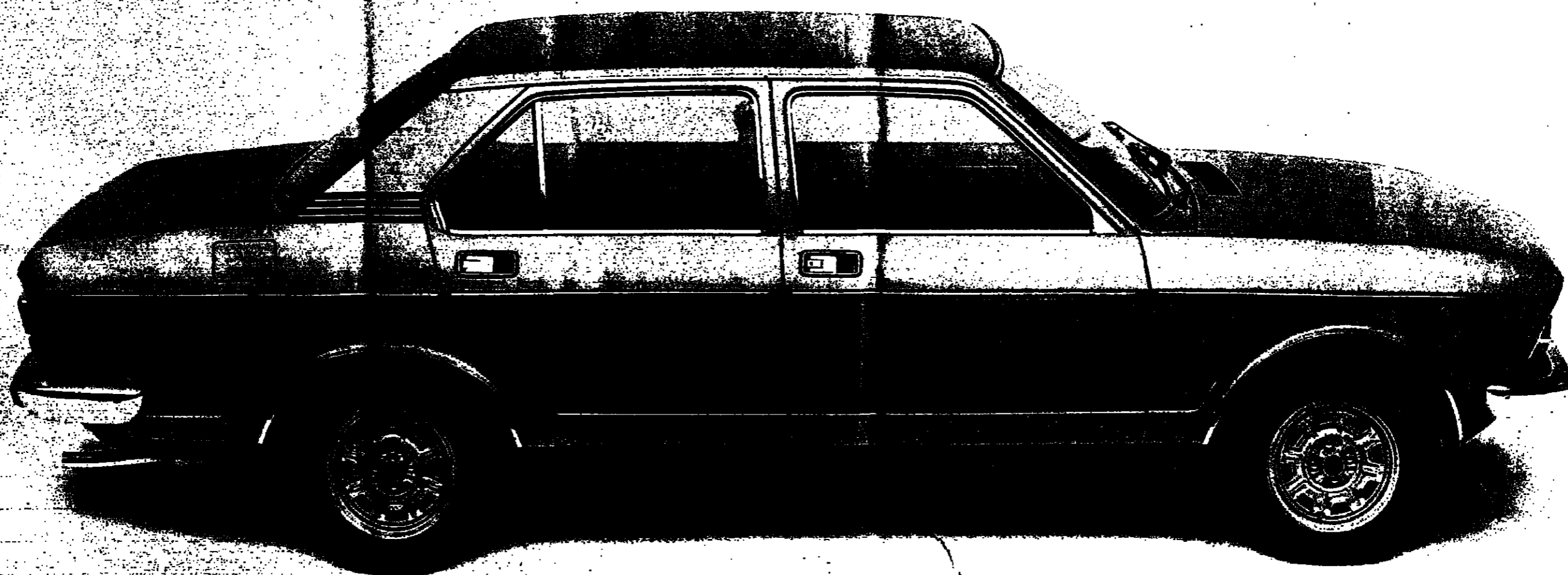
For motorway economy, there's a fifth gear. Touring you'll average around 28 miles between gallons.



**5. It's a grand tourer.** With armchair comfort for 3 or 4 passengers.

The driver also has a steering wheel adjustable for height and reach, quartz crystal clock, tachometer, oil pressure gauge, hand brake warning light, 2 speed wiper, electric washers, heated rear window, warning flashers, twin head-lamps, reversing lights and driving mirror.

All standard.



**FIAT**

The new 132ES. All the cars you need for £3098.

The Fiat 132ES £3098. Price includes car tax, VAT and front inertia reel seat belts, but excludes number plates and delivery charges. Price correct at time of going to press. Performance figures: Fiat S.p.A. Turin. Fiat (England) Limited, Great West Road, Brentford, Middlesex TW8 9DJ. Tel: 01-568 8822.

# Industrial company profits increase by only 4%

THE TRADING profits of 553 industrial companies covered by the latest Financial Times survey of company profits rose by 4 per cent. on a year before, compared with a 12-month gain of 7.7 per cent. in the previous review five weeks ago.

Profits and balance-sheets of companies whose accounting year ended in the period between October 15 and January 14, and who published their reports up to the end of August are analysed in this latest survey.

The analysis covers 729 companies including 134 in the financial sector, eight oils and 34 commodity concerns.

Net capital employed by the industrial companies in this survey is more than £20bn., compared with £18.3bn. a year ago.

The overriding impression of the latest review is that there has been a marked deterioration in the performance of the heavy end of industry.

The 4.3 per cent. rise in trading profits of the 217 companies in the capital goods sector compares with a 23.5 per cent. increase in the August analysis.

Within that, trading profits of building materials were ahead by only 2.3 per cent., against a jump of more than one-third last time. The improvement in contracting has halved in percentage terms, while electricals have recorded a 3.7 per cent. fall against the previous year; last month there was an increase of 11.7 per cent.

The 88 companies included in the engineering division show a rise in trading profits of a little more than 5 per cent., compared with 9.6 per cent. last time.

Return on capital employed for the engineers has slipped from more than 19 per cent. a year ago to 15.7 per cent. at this time.

Consumer durables, too, have fallen back with the latest analysis, showing a 5.3 per cent. improvement in trading profits against 26.5 per cent. before. The return on capital on those companies analysed has slipped from 21.5 per cent. to 12.3 per cent. between the two months.

The good news is contained mainly in the 164 consumer non-durables. An outstanding feature is the continued strength of the breweries which clocked up a gain in trading profits of 44.3 per cent. over the previous year; last month the improvement (based on more companies) was more than 31 per cent.

Hotels, food manufacturing, food retailing and tobacco companies have all shown greater rates of growth over the previous year than in the last review.

The financials remain disappointing in parts, although

good results have come from properties and insurance brokers—both with trading profits improvements of one-fifth or more—and insurance companies with a gain of 15.4 per cent.

Banks have dipped 9.3 per cent. in profits, against a rise of 7.1 per cent. in the previous review. At earnings level, the dip is even more pronounced at 20.2 per cent. The eight discount houses come out worst, however, with a fall of 56 per cent. in trading profits.

The overall picture for the 134 financials is an 8.9 per cent. fall in trading profits (although in some sectors they are of limited value) and an even sharper decline at earnings level at more than 28 per cent.

Oil continued to fall back with trading profit and earnings lower by 22.2 per cent. and 41.9 per cent. respectively. The decline has accelerated over the previous month.

## FINANCIAL TIMES Business in The Pacific Basin CONFERENCE

PRESIDENT Ferdinand Marcos of the Philippines proposed to-day that Ministerial talks should be held between the five-member Association of South-East Asian Nations (ASEAN) and Japan. The intention would be to assure access to raw materials for Japan, and Japanese capital and technology for the ASEAN.

He made the proposal which he said was subject to the agreement of his four partners in ASEAN—Indonesia, Malaysia, Singapore and Thailand—in a speech opening a two-day conference on Business in the Pacific Basin sponsored by the Financial Times.

The recent oil crisis, according to Mr. Marcos, showed that Japan could be starved of the raw materials vital to its economy while the ASEAN region, rich in natural resources, needed capital and technology for its economic development.

"It would seem in the mutual interest of ASEAN and Japan to begin discussing an arrangement that would ensure Japan's continued access to the raw materials of South-East Asia and the steady development and growth of the diversified but complementary economies of the ASEAN through the generous infusion of Japanese capital and technological knowhow," Mr. Marcos said.

### Security

At the same time, considerations of Japanese national security could lead to suggestions of rearmament in Japan, and thus revive fears of Pacific war. "A rearmament Japan will have to issue firm guarantees that it will not be a predatory power," Mr. Marcos said.

He announced the establishment in his country of an offshore banking system, and signed two decrees containing the guidelines.

Among to-day's speakers in the conference at the Central Bank of the Philippines, was Mr. Cesar Virata, Finance Secretary, who said that the Philippines was recovering from balance of payments deficits and had recorded a surplus of about \$80m.

In spite of the effects of the world-wide economic crisis, the Philippines targeted within its national growth targets and expected to meet the target of a 6 per cent. growth rate this year.

This was possible, Mr. Virata

# Marcos proposes deal with Japan

BY J. M. M. SUAREZ

MANILLA, Sept. 30.

said, mainly through a policy of promoting labour-intensive and export-oriented industries. The country's per capita income shall grow to \$550 in 1985 from \$360 in 1975, and exports increase to about \$15bn. from \$3.1bn. in 1965. Unemployment has also been reduced to 3.9 per cent. from 7.8 per cent. in 1972.

### U.S. plan

In an after-dinner speech, Mr. William H. Sullivan, American Ambassador to the Philippines, explained the mechanics of the U.S.-proposed International Resources Bank (IRB) which had been rejected by the Group of 77 in favour of the International Commodity Fund.

The IRB, which Ambassador Sullivan said "has received relatively little attention," was aimed at facilitating investment in resource development in developing countries not necessarily through a net increase in total resource investment, but simply to "promote conditions in which foreign investment will be placed in projects where it can be most useful."

Among its basic functions was to mobilise and encourage the flow of foreign capital and technology as well as to minimise political obstacles to the most rational allocation of capital investment resources.

"The most important of the IRB's functions is to guarantee investment against types of non-commercial risk specified in individual contracts within general guidelines established when the IRB is created," Mr. Sullivan said.

The IRB would facilitate financing on a project-by-project basis by acting as guarantor of bonds issued by the project organisers. It could also provide guarantees against non-commercial risks for direct equity investment in the project by participating private companies.

### Assurances

These projects, however, he said, would be subject to what he called bilateral agreements in which foreign investors, the host government and the IRB would participate. In this way, he said, private investors would receive assurances against political upsets.

"The IRB's capital base might consist of a paid-in loss reserve fund of \$1bn., which could be supplemented by additional amounts to be subscribed by Governments as callable capital reserves."

Mr. A. Costanzo, vice-chairman of Citibank, said that the "economic traumas" of the last few years were not "natural phenomena," but had been "administered by governments."

He asked: "Would it not now be part of wisdom for governments to think about how to lessen such shocks in the future?" He said that the investment of funds in the Philippines was a "phenomenon" and that the sudden changes of course affecting major economic variables such as the rate of growth of the world's money supply and the price of the world's most important raw materials?

### Restructuring

Professor Noriaki Kobayashi of the Keio University, Tokyo, spoke of plans for restructuring the Japanese economy to develop more technology-oriented and less resource-consuming industries. The developing countries' industrial progress would be supported by increased Japanese foreign investments, there would be a distribution of labour between the developed and the developing countries.

Mr. Kobayashi quoted government statistics showing that Japanese overseas investments, mostly in the Asian region, would reach \$51bn. by 1985 from the current total overseas investments of \$15bn. at the end of 1975.

Other speakers were Herr Jürgen Ponto, Chairman of the Board of managing directors of the Dresdner Bank AG, who spoke on "Europe and Asia," and Dr. Rak Panyarachun, Chairman of the North Star Company of Thailand, who dealt with "The Energy Crisis, Recession and the Agrarian Economy."

Mr. Nobuyuki Nakahara, of the Toa Nenryo Company told of term problems facing Japan.

## ROYAL DUTCH PETROLEUM COMPANY

(N.V. Koninklijke Nederlandse Petroleum Maatschappij)

Established at The Hague, The Netherlands

### INTERIM DIVIDEND 1976

With reference to the announcement dated 20th September, 1976 regarding the INTERIM DIVIDEND for the year 1976 on the shares of N.F.20 registered in the U.K. Section of the Amsterdam Register, Royal Dutch Petroleum Company announces that the rate of exchange fixed for the payment of the dividend is N.F. 4.4235-21. The gross amount of the dividend will be 101.723p per share and the amount of the 25% Netherlands Dividend Tax will be 25.432p per share; the net amount payable will therefore be 76.291p per share.

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## TREND OF INDUSTRIAL PROFITS ANALYSIS OF 729 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 729 companies whose account year ended in the period between October 15, 1975, and January 14, 1976, which published their reports up to the end of August, 1976. (Figures in £000.)

INDUSTRY	No. of Cos.	Trading Profits (1)	% change (2)	Profits before Int. & Tax (3)	Pre-Tax Profits (4)	Tax (5)	Earnings for Ordinary Dividends (6)	% change (7)	Ord. Dividends (8)	% change (9)	Cash Flow (10)	Net Capital Employed (11)	Net Return on Capital Employed (12)	Net Current Assets (13)
BUILDING MATERIALS	43	135,788 (130,739)	+2.3	91,633 (91,118)	69,978 (69,137)	36,118 (35,797)	31,156 (30,724)	-4.8	13,930 (11,217)	+24.3	54,999 (56,154)	558,993 (526,758)	17.0 (17.3)	147,380 (117,948)
CONTRACTING & CONSTRUCTION	48	235,644 (208,066)	+17.1	170,500 (154,162)	128,530 (110,662)	70,678 (58,648)	58,991 (50,747)	+4.4	13,273 (11,834)	+18.2	97,995 (80,297)	964,156 (871,004)	17.7 (17.7)	264,176 (212,529)
ELECTRICALS (EX. ELECTRON. ETC.)	9	86,655 (88,996)	-2.7	65,851 (71,508)	46,966 (52,639)	20,014 (24,321)	20,076 (22,862)	-9.9	10,125 (8,644)	+17.1	31,814 (32,279)	467,451 (492,918)	13.6 (14.5)	143,198 (139,065)
ENGINEERING	88	635,277 (596,984)	+6.1	498,581 (464,163)	405,387 (401,923)	212,252 (206,440)	179,511 (183,580)	-3.2	67,297 (61,135)	+31.6	235,815 (239,646)	1,565,645 (1,529,894)	15.7 (15.1)	1,281,946 (1,235,357)
MACHINE TOOLS	9	17,841 (16,027)	+11.3	14,043 (12,855)	11,432 (11,247)	5,934 (5,045)	5,476 (5,259)	+4.1	1,905 (1,669)	+14.1	8,508 (6,023)	86,972 (71,697)	16.1 (13.1)	48,588 (38,595)
MISC. CAPITAL GOODS	20	113,284 (135,730)	-16.6	89,076 (116,075)	69,818 (95,321)	34,958 (48,519)	30,497 (41,555)	-99.0	14,003 (12,672)	+10.5	36,324 (46,570)	524,804 (485,946)	17.0 (23.2)	214,481 (206,587)
TOTAL CAPITAL GOODS	217	1,221,469 (1,171,542)	+4.3	927,263 (898,958)	731,011 (741,349)	379,834 (379,673)	318,807 (336,187)	-5.2	120,533 (97,171)	+24.0	462,958 (451,939)	7,716,716 (4,997,073)	16.1 (16.1)	2,100,669 (1,687,145)
ELECTRONICS RADIO & TV	7	41,587 (40,568)	+2.0	32,299 (35,460)	25,174 (28,995)	9,321 (12,603)	13,886 (14,538)	-4.5	3,440 (3,702)	-7.1	18,870 (16,830)	177,057 (176,882)	18.2 (18.0)	81,018 (65,725)
HOUSEHOLD GOODS	25	49,074 (33,478)	+46.6	39,533 (24,461)	35,969 (21,471)	18,719 (12,111)	17,038 (9,186)	+85.5	5,885 (5,335)	+9.2	19,217 (11,441)	194,761 (170,704)	20.3 (14.3)	114,087 (93,515)
MOTORS & COMPONENTS	13	129,111 (154,330)	-3.9	80,668 (88,418)	42,138 (48,566)	41,128 (35,504)	36,908 (41,008)	-31.8	7,110 (6,242)	+13.9	31,897 (43,198)	911,329 (900,345)	9.8 (9.8)	329,604 (326,034)
MOTOR DISTRIBUTORS	19	54,946 (52,507)	+4.4	42,147 (42,784)	35,553 (19,819)	12,954 (10,838)	10,863 (8,539)	+20.2	4,248 (3,594)	+18.2	16,171 (14,337)	309,396 (286,878)	16.1 (16.1)	67,637 (41,611)
TOTAL CONSUMER DURABLES	62	274,418 (260,885)	+5.2	194,647 (187,637)	126,834 (115,641)	61,902 (68,056)	52,882 (36,371)	-11.2	20,623 (18,875)	-9.3	85,255 (85,596)	1,586,093 (1,504,019)	12.3 (12.5)	592,266 (526,583)
BREWERIES	2	2,596 (1,799)	+44.3	3,421 (1,660)	3,344 (1,573)	1,266 (855)	1,076 (716)	+50.3	500 (278)	-7.9	852 (490)	9,872 (9,579)	24.5 (19.4)	705 (143)
DISTILLERIES & WINES	5	14,639 (12,646)	+15.8	12,933 (11,159)	7,966 (8,494)	3,558 (3,477)	4,409 (4,969)	-11.5	1,469 (1,181)	+24.4	4,802 (4,851)	94,413 (76,446)	12.9 (14.6)	33,944 (25,948)
HOTELS & CATERERS	9	48,525 (39,412)	+24.2	35,246 (27,822)	14,288 (9,474)	6,564 (2,993)	6,295 (6,242)	+0.7	5,804 (6,639)	-0.5	1,325 (10,419)	296,083 (387,909)	8.9 (7.1)	18,441 (15,502)
LEISURE	18	45,930 (38,213)	+20.2	39,065 (32,176)	31,946 (26,363)	17,356 (14,409)	13,812 (11,494)	+20.2	5,006 (4,267)	+17.5	13,805 (11,805)	134,380 (110,132)	29.1 (29.2)	13,817 (1,758)
FOOD MANUFACTURING	14	444,988 (422,377)	+28.6	351,463 (372,328)	306,267 (329,425)	156,784 (118,186)	129,304 (100,711)	+28.2	37,933 (34,411)	+20.8	252,211 (129,128)	1,690,954 (1,472,497)	16.6 (16.5)	652,116 (613,557)
FOOD RETAILING	8	14,881 (12,215)	+21.6	11,523 (9,575)	10,307 (7,961)	5,876 (5,993)	4,140 (3,737)	+10.8	1,833 (1,044)	+46.6	4,906 (4,941)	49,894 (43,463)	23.1 (21.5)	10,532 (4,273)
NEWSPAPERS AND PUBLICATIONS	21	85,554 (76,822)	+11.2	68,451 (61,921)	55,634 (49,904)	29,788 (25,508)	23,839 (21,229)	+12.3	9,089 (8,754)	+5.8	28,850 (25,406)	368,434 (320,965)	18.3 (18.3)	56,838 (74,676)
PACKAGING AND PAPER	14	86,492 (89,673)	-13.4	59,138 (79,995)	48,785 (71,622)	24,597 (34,947)	21,610 (54,020)	-56.5	9,060 (8,980)	+2.0	33,494 (33,122)	323,128 (339,688)	18.3 (27.5)	181,041 (114,646)
STORES	5	31,299 (30,690)	+2.0	29,325 (26,678)	24,369 (22,460)	12,992 (12,569)	11,441 (12,569)	-8.8	5,881 (5,146)	+6.8	9,919 (10,589)	167,632 (137,855)	18.6 (18.7)	42,344 (38,698)
CLOTHING AND FOOTWEAR	41	59,740 (51,670)	+15.6	40,812 (34,124)	30,796 (30,587)	16,199 (15,716)	14,737 (14,721)	-3.7	5,632 (5,359)	+9.6	17,641 (17,527)	222,266 (210,698)	18.4 (18.7)	91,588 (84,170)
TEXTILES	20	84,234 (82,585)	-23.1	47,940 (47,765)	36,510 (33,774)	19,948 (22,503)	14,888 (27,574)	-46.7	9,018 (5,053)	+121.7	21,395 (26,659)	482,388 (398,523)	11.8 (11.7)	219,341 (201,971)
TOBACCO	2	183,019 (131,731)	+38.2	152,116 (115,949)	107,248 (79,475)	54,300 (35,865)	52,946 (35,158)	+38.5	33,431 (20,577)	+6.1	49,926 (35,315)	565,498 (492,453)	15.9 (11.3)	239,051 (197,875)
TOYS AND GAMES	5	12,948 (10,314)	+18.7	10,717 (9,519)	8,443 (7,764)	5,595 (5,339)	5,941 (4,556)	+34.1	1,125 (768)	+46.5	6,780 (4,445)	34,815 (22,072)	30.8 (32.0)	18,467 (15,529)
TOTAL CONSUMER NON-DURABLES	164	1,089,528 (943,307)	+15.5	869,749 (795,966)	689,424 (632,295)	351,616 (308,537)	305,949 (260,966)	+8.5	134,881 (108,882)	+15.8	443,885 (364,379)	4,861,073 (4,080,345)	17.9 (17.1)	1,575,973 (1,287,098)
CHEMICALS	22	921,151 (906,435)	+1.6	678,702 (717,445)	475,173 (666,651)	213,721 (313,741)	228,681 (417,114)	-30.1	83,933 (72,358)	+14.1	362,685 (456,562)	3,861,698 (3,000,375)	15.0 (12.9)	1,387,251 (1,047,581)
OFFICE EQUIPMENT	10	149,878 (162,031)	-8.4	134,392 (151,822)	95,551 (112,222)	48,969 (57,211)	44,118 (56,112)	-21.2	17,896 (15,250)	+18.9	48,643 (60,501)	887,383 (714,081)	15.0 (19.1)	199,318 (170,787)
SHIPPING	13	223,464 (267,396)	-16.4	146,757 (159,808)	99,394 (146,991)	40,379 (49,989)	46,461 (54,662)	-48.8	21,590 (18,182)	+14.8	103,996 (145,743)	1,686,489 (1,650,577)	9.3 (11.7)	82,844 (77,853)
MISC. INDUSTRIAL	66	353,142 (384,535)	-0.4	271,861 (301,809)	198,019 (201,507)	108,099 (123,054)	79,500 (83,043)	-5.5	34,963 (31,945)	+10.2	117,403 (115,345)	1,748,872 (1,592,167)	15.5 (15.4)	426,108 (376,583)
TOTAL INDUSTRIALS	533	4,353,532 (4,069,024)	+4.0	3,117,771 (3,237,609)	2,398,239 (2,779,838)	1,221,641 (1,358,138)	1,065,993 (958,774)	-13.1	442,699 (366,727)	+16.8	1,694,850 (1,207,819)	20,178,219 (16,807,383)	15.4 (15.7)	6,394,144 (4,930,204)
OIL	8	4,949,967 (4,566,027)	-22.2	3,058,992 (2,421,185)	2,354,365 (1,943,084)	2,800,162 (2,358,995)	564,498 (719,159)	-61.9	0.7,747 (0.5,747)	+0.8	820,462 (807,164)	8,071,647 (8,071,647)	37.2 (37.2)	4,483,117 (4,483,117)
BANKS	5	654,561 (721,970)	-9.3	530,762 (623,501)	506,611 (683,854)	286,166 (321,326)	206,704 (269,166)	-20.2	5,337 (50,842)	+14.7	26,078 (302,427)	3,993,477 (2,935,468)	15.4 (18.9)	1,816,303 (1,174,763)
DISCOUNT HOUSES, MERCHANT BANKS ETC.	5	16,365 (118,165)	-86.1	(-)	(-)	(-)	-27,064 (1,323)	-66.81	5,426 (6,181)	-12.2	(-)	15,943,089 (9,374,458)	(-)	86,897 (8,665)
HIRS PURCHASE	3	85,162 (34,194)	-58.4	94,595 (35,343)	6,427 (7,941)	3,897 (4,53)	2,986 (6,704)	-56.8	1,935 (1,790)	+8.0	1,323 (6,271)	301,440 (235,820)	15.2 (14.2)	46,161 (90,923)
INSURANCE	14	210,464 (182,311)	+15.4	(-)	(-)	(-)	194,936 (118,264)	+5.7	99,135 (61,197)	+22.1	(-)	15,172,487 (10,576,180)	(-)	1,084,789 (572,853)
INSURANCE BROKERS	5	49,765 (37,843)	+30.9	40,390 (33,882)	37,780 (50,087)	18,714 (15,350)	17,876 (13,776)	+29.8	6,748 (5,603)	+20.4	18,967 (10,182)	103,088 (87,347)	58.9 (38.7)	51,286 (20,901)
INVESTMENT TRUSTS	76	86,005 (82,044)	+4.8	84,594 (81,036)	70,816 (62,907)	37,164 (24,040)	41,178 (37,181)	+10.7	37,204 (24,012)	+9.4	3,969 (5,555)	1,549,466 (1,015,941)	8.0 (8.0)	61,577 (21,544)
PROPERTY	17	138,125 (112,630)	+20.0	128,794 (109,888)	29,001 (25,446)	9,990 (8,228)	15,288 (13,288)	+15.0	8,896 (8,131)	+8.9	5,302 (6,401)	927,166 (763,585)	13.9 (14.3)	-17,961 (-2,916)
MISC. FINANCIAL	7	19,765 (21,151)	+6.6	17,150 (16,437)	10,056 (9,536)	5,364 (3,248)	4,553 (4,083)	+11.5	2,334 (1,926)	+21.2	4,174 (4,015)	99,890 (111,898)	17.1 (16.5)	28,895 (65,053)
TOTAL FINANCIAL	134	1,192,198 (1,509,906)	-6.9	846,913 (869,723)	759,121 (780,020)	349,613 (374,618)	326,577 (358,774)	-28.1	219,971 (189,681)	+15.0	299,313 (232,827)	16,477,428 (15,509,451)	12.7 (12.7)	2,825,653 (2,028,194)
MUNICIPALITIES	11	30,319 (32,109)	-6.6	24,077 (27,571)	18,949 (24,148)	11,054 (13,658)	7,235 (9,725)	-26.6	4,513 (5,656)	-18.9	7,577 (6,064)	218,230 (190,696)	11.4 (14.3)	35,001 (32,015)
TRUSTS	8	5,543 (5,835)	+5.9	5,078 (4,810)	4,448 (4,394)	2,819 (2,789)	1,615 (1,580)	+2.2	440 (381)	+37.1	1,549 (1,592)	22,219 (21,605)	22.8 (22.5)	4,590 (4,572)
FINANCIAL	4	3,570 (6,481)	-44.9	2,775 (3,782)	2,775 (6,663)	1,489 (5,089)	1,183 (2,124)	-44.6	648 (628)	+2.5	1,212 (2,125)	14,644 (18,714)	18.9 (14.7)	2,948 (3,160)
MISCELLANEOUS FINANCIAL	3	273,613 (385,814)	-29.1	194,541 (318,994)	154,419 (279,855)	69,239 (138,259)	58,590 (62,368)	-58.1	13,026 (9,820)	+32.6	102,768 (117,715)	8,944 (1,023,493)	23.60 (31.2)	2,954 (319,599)
OVERSEAS TRADES	8	61,453 (61,753)	-0.5	51,457 (61,651)	42,936 (45,516)	23,310 (32,348)	17,998 (17,429)	-0.8	6,998 (4,633)	+33.3	19,643 (21,480)	244,592 (246,855)	31.0 (31.0)	67,817 (60,122)
TOTAL COMMODITIES	64	574,498 (491,389)	-23.8	370,405 (406,778)	232,328 (267,587)	170,691 (179,150)	65,891 (83,232)	-29.3	24,628 (20,870)	+18.0	112,749 (102,822)	504,292 (450,383)	55.1 (55.1)	110,448 (81,000)



# The Property Market

BY QUENTIN GUIRDHAM

## Opposition still to bid for Argyle

Half a dozen institutional shareholders, notably the Post Office Staff Superannuation Fund with 3.5m. shares (15.4 per cent. of the equity) are among those holding out on the 50p a share bid for Argyle Securities. Occidentale SA Glarus, the Swiss subsidiary of Sir James Goldsmith's master company Générale Occidentale, has had to extend its offer again, having gained acceptance for only 2 per cent. more of the outstanding shares since it first extended the offer a fortnight ago.

This is now the second and last period of extra time for the bid. Occidentale SA Glarus would have to get special permission from the Takeover Panel to extend the offer beyond next Wednesday. So what appeared to be the least surprising, most cut-and-dried of this year's property company bids will nevertheless go the full distance.

The bid was one of a pair aimed at tidying up the Goldsmith interests. Générale Occidentale bid for the shares it did not already own in Anglo-Continental Investment and Finance. And GO's subsidiary Glarus bid for the Argyle Securities shares now already owned by Anglo-Continental. Anglo-Con-

tinental owns 47 per cent. of Argyle.

The recent histories of Argyle and Anglo-Continental are extremely complicated, having involved a series of Goldsmith-Slater Walker deals and also some between Goldsmith's British and Continental interests. But the only obvious complication relevant to the bid for the remaining 53 per cent. of Argyle was that the 50p a share offered contrasts with the 100p at which Anglo-Continental carried the investment of 47 per cent. in its books.

Yesterday, at the same time that the extension of the offer for Argyle was announced, the offer bid for Anglo-Continental went unconditional. Générale Occidentale having received acceptances for 91 per cent. of the shares under offer. It is that same figure of 90 per cent. of shares under offer which matters in the Argyle bid. Not until it has the 90 per cent. of outstanding shares can Glarus compulsorily acquire any other holdings, fully absorb the company, cancel the Stock Exchange quotation and so achieve the purpose of the bid.

On the question of what Argyle was worth, and presumably the institutions holding out must think the sums were done wrong, the offer document included a statement of Argyle's estimated net assets in March this year. These came out at 98.2p a share, backed by a 1975 valuation of the properties by surveyors G. L. Ream and Partners.

The Argyle directors stood by this valuation, which represented £42.9m. of properties, but pointed out that no provisions had been made for deferred tax if invest-

ment properties were sold (estimated at not more than £3.8m.), carrying costs on certain assets (£1.1m.), unlet properties (unquantified) or a possible short-fall plus currency loss on the Gallieni II development in Paris.

In addition to these considerations in estimating the net assets per share, Michael Rivkin, the Argyle chairman, in explaining why he recommended the offer and would accept it for his own 7 per cent. holding, said that 50p a share now had to compare with what might be left by 1980 when the Board's policy of selling off Argyle's assets might be completed.

First there was £13.4m. of debt maturing in the next five years. In addition, as of today, Argyle is committed to complete the purchase of the Gallieni II development. This was last referred to in a shareholders letter of February 1975 when the estimated total cost of £118.5m. (£141m.) was "fully financed" and negotiations were in hand to let the entire 240,000 square feet of offices on the

Peripherique. But the offer document says the recently completed building is only 19 per cent. let and the purchase completion represents a "major obligation" with part of the present finance coming short-term from the banking subsidiary of Générale Occidentale, Banque Occidentale (that's also the bank handling the bid for Argyle) yesterday where the two started as partners but the Argyle interest was subsequently bought out by the fund, a deal which showed Argyle a £1.1m. profit and left the Post Office having the sole interest in this scheme, thought to cost at least £40m.

Other have not complaining, inter alia, that they would have liked more of an independent opinion of Argyle's worth. Five of the eight Argyle directors are members of other companies in the Générale Occidentale group, and while the two of them who are GO board members have not taken part in the offer discussions and in independent bank, Daveney, Day has advised Argyle shareholders to accept, the two parties are closely intertwined (indeed the whole point of the offer is to consolidate the interests). Argyle's headquarters, for instance, are now in the Banque Occidentale building in the City and the Argyle chairman's large shareholding in the company is held as security for a loan from Banque Occidentale.

But Gallieni still represents, as Mr. Rivkin has told shareholders, an important reason for accepting a bid now, rather than having to continue to try to let and sell the building. Indeed in property terms, and taking into account the absence of dividends and a likely loss on selling some trading subsidiaries, plenty of people have assumed that 50p was a reasonable offer.

Others have not complaining, inter alia, that they would have liked more of an independent opinion of Argyle's worth. Five of the eight Argyle directors are members of other companies in the Générale Occidentale group, and while the two of them who are GO board members have not taken part in the offer discussions and in independent bank, Daveney, Day has advised Argyle shareholders to accept, the two parties are closely intertwined (indeed the whole point of the offer is to consolidate the interests). Argyle's headquarters, for instance, are now in the Banque Occidentale building in the City and the Argyle chairman's large shareholding in the company is held as security for a loan from Banque Occidentale.

The institutions holding out, who along with smaller shareholders taking a similar view mean that Glarus has only got to 88 per cent. of the 90 per cent. of outstanding shares it needs, may, it is true, simply be indulging in the usual brinkmanship in the hope of extracting the odd extra penny or two. But the Post Office fund must be a better position than most to judge Argyle's worth. Apart from its shareholding, the Post Office's best-known link with the group is the 400,000-square-foot Magasin de Louvre refurbishment scheme in Paris where the two started as partners but the Argyle interest was subsequently bought out by the fund, a deal which showed Argyle a £1.1m. profit and left the Post Office having the sole interest in this scheme, thought to cost at least £40m.

The situation of the Post Office fund not yet accepting the bid is made more painful by the negotiations currently going on for Générale Occidentale to lease part of the development.

## Heron's French sales

Of the investment by British property companies in Europe (taking the major countries of Belgium, France, Germany and Holland, stockbrokers Rowe and Pitman last year estimated the total at £1.3bn.) most was done with capital raised locally. With the fall in values and trouble with lettings, there have been substantial capital and revenue losses and with every slide in the pound further exchange losses are added. What is already disclosed in declared losses and provisions is not yet the full story. There are many loans not falling due till the end of the decade where it has been possible so far to put off the reckoning. The property companies could make up a major part of the lobby to get these exchange losses allowed as tax losses.

Meanwhile, following the successful sales in France by Chesterfield Ronson, the other, and quite separate side of the Ronson family has also made successful French sales. Gerald Jones Lang Wootton were agents. Fund, represented by Richard Ellis, has bought a further two warehouse units in Beddington, Surrey, from Wilverley Property Holdings, for £375,000. The units, totalling nearly 16,000 square feet of warehousing and offices, are let to Tom's Foods, a General Mills subsidiary, at the year-end, in the Heron £31,904. The same fund earlier accounts, due shortly. Ronson says all fetched in excess of book value. Perhaps the most interesting sale is that of Perisud and are let to Frederick A. complex on Paris Peripherique Paulen (Holdings) and BBA close to the link to the Auto-

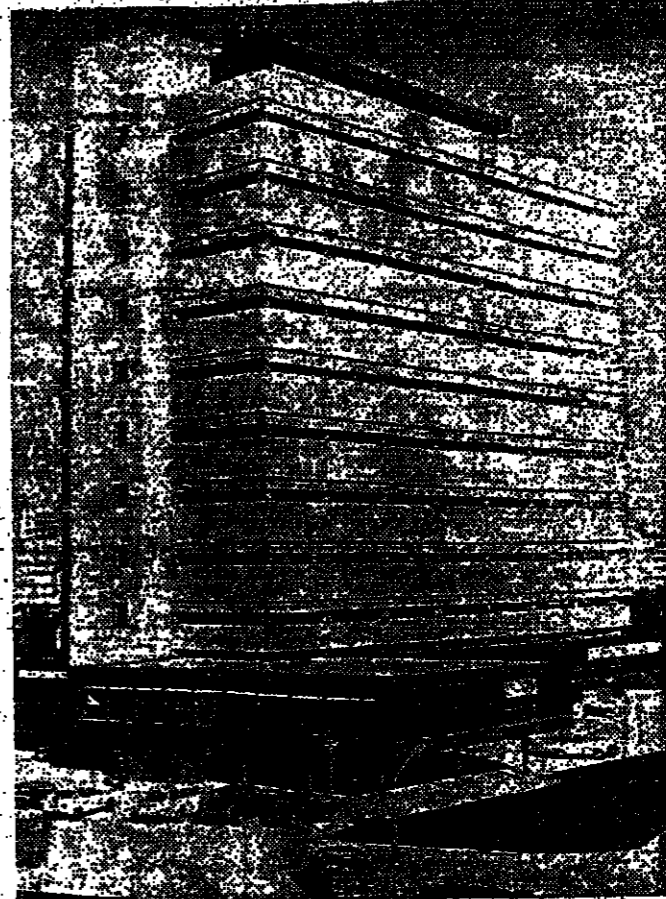
route du Sud, a building which some dubbed "Heron" and its partners Zircon European Properties, would ever get let yet alone sold. It has been bought by an institutional consortium.

Heron now has little left to let on its European programme which has unusually included Spain and Switzerland. It also has only £1m. of currency losses, with the main project uncompleted, a relatively small Brussels block being developed with Barclay's Bank which will take a third of the space. Heron is expected to hold its current portfolio as investments and to consider projects in Europe which could be properly funded.

## OUT AND ABOUT

Debenham Tewson and Chinnocks has set up shop in Dubai. This is their second Middle East branch, having been in Bahrain since early 1976. The final letting has been completed on a new industrial estate being developed at Anchor and Hope Lane, Charlton, London, SE7, by J. S. Bloor, Greenwich Packaging, which already has a factory on the estate, have taken a further 12,500-square-foot factory unit at around £180 per square foot.

Jones Lang Wootton were agents. Dickinson Robinson Pension Fund, represented by Richard Ellis, has bought a further two warehouse units in Beddington, Surrey, from Wilverley Property Holdings, for £375,000. The units, totalling nearly 16,000 square feet of warehousing and offices, are let to Tom's Foods, a General Mills subsidiary, at the year-end, in the Heron £31,904. The same fund earlier accounts, due shortly. Ronson says all fetched in excess of book value. Perhaps the most interesting sale is that of Perisud and are let to Frederick A. complex on Paris Peripherique Paulen (Holdings) and BBA close to the link to the Auto-



With the fall in sterling and heavy exchange losses for Town & City, this building in the Amsterdam suburb of Sterling Land (Amsterdam) BV, part of J. & C., which leased back the development from the quoted European Property Investment Company NV (Eupho), has made new lettings which mean that two-thirds of the 44,000 sq. ft. of offices have now gone. This is fair going in a weak letting market with considerable oversupply of office space. The two tenants are Colgate Palmolive, who have taken about 2,450 sq. ft., and SRV, a wholesale milk products company, with 10,700 sq. ft. Sterling Land was advised in the letting by KPM vastgoedadviseurs, part of the Knight, Frank and Rutledge group, who are also retained as managing agents. The tenants were advised by Zadelhoff Amsterdam.

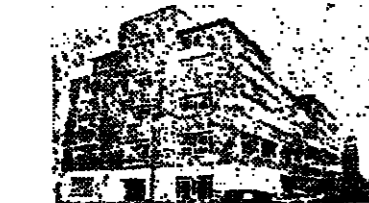
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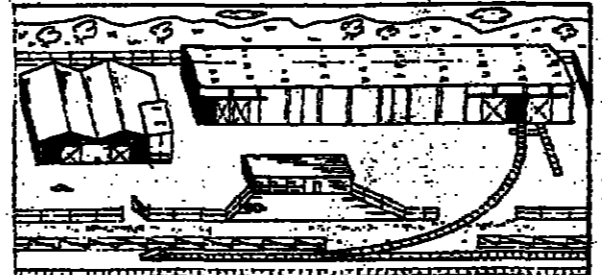
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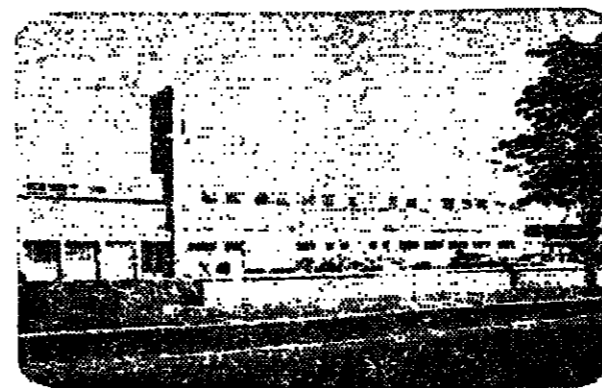
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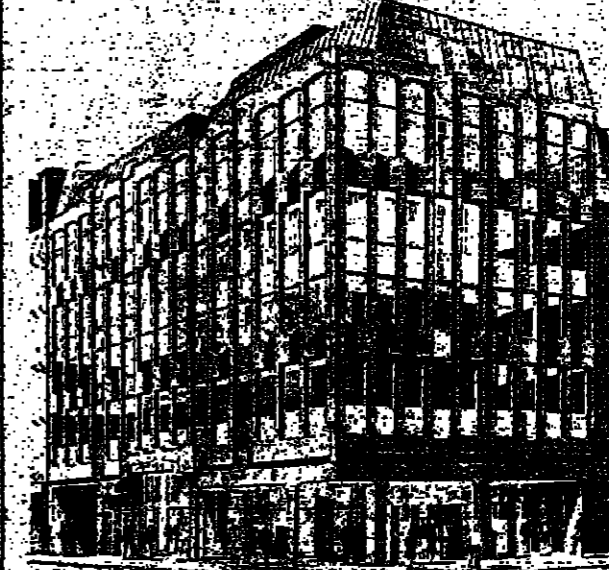
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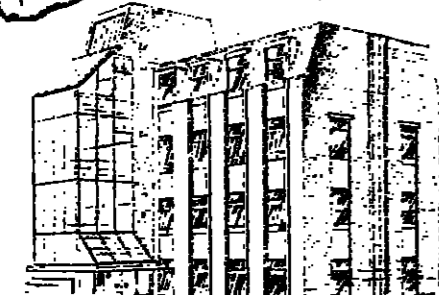
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# The Management Page

Christopher Lorenz describes how ICL was transformed from being a lame duck to a profitable venture.

## Regeneration of a computer company

ASK ANYONE in the City or near it, how the electronics industry has transformed itself in the last few years, and you will find a wide range of answers. But one thing is true: the industry has been transformed in just four years, and it is now running years from an extremely lame at 7.7 per cent. This is just duck into Europe's only profit above the level at which ICL, the largest computer company, has to start repaying the Government. The Government's aid, which has been pumped in over that period, is now being used to pay the interest on the debt.

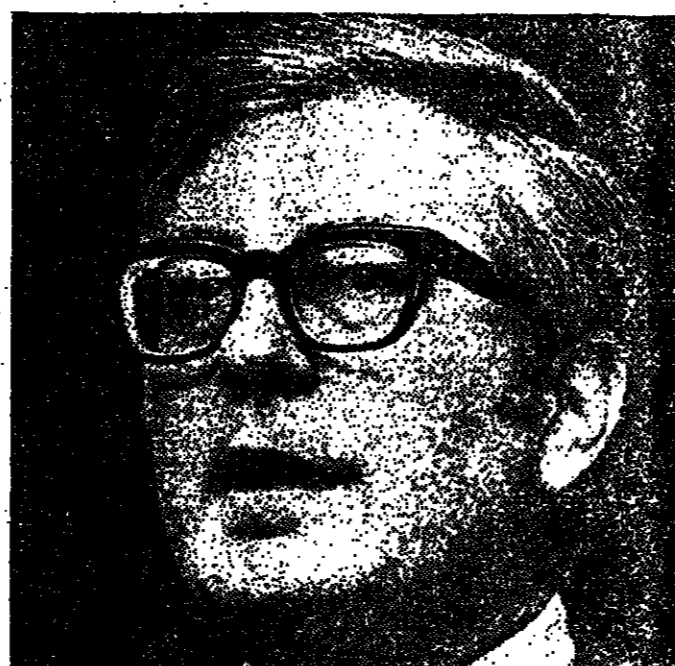
The first school is nearer the mark. But while Mr. Cross has undoubtedly been the driving force behind the "new ICL", he has created a structure and approach which would stand the company in good stead for years to come if he were to disappear tomorrow. But questions about its long-term viability still remain.

The Government's aid programme has now come to an end, and from now on, ICL will receive less overt state support than will its major competitors, Siemens, and GEC. Honeywell Bull, one of the few companies which are in a position to compete with ICL, will not be helped. But it will not be the task of improving ICL's position in the major European markets.

### Preference

There are other uncertainties. Will the current Government policy review, next year, in a weakening or strengthening of public sector preferences for ICL products? Will the company be able to digest its recent European and U.S. acquisitions without straining its managerial and financial resources? And will it succeed in debugging the remaining problems in its new range of large, 2900 computers? Four years from now, if Geoff Cross and his team can continue their success, ICL will have become a significant force on the Continent, and will be becoming so in the U.S. itself—the very backyard of the industry giant, IBM.

Mr. Cross dislikes the cliché of personality but the fact is that when he was brought in from the U.S. by Mr. Tom Hudson, the new chairman, in May 1972, he embarked on a lengthy series of painful reviews of every part of the following activity within the company. In retrospect, the most fundamental change was the introduction of a strictly enforced system of budgeting, and the creation of profit centres. Previously, there had been turnover and expense budgets, but performance had never been properly reviewed against budget. Quarterly reviews were instituted, and a flock of financial controllers recruited right across the company. This was one way of ensuring that the new approach worked its way right down the company.



Mr. Geoffrey Cross, managing director of ICL.

Mr. Cross says that prediction on profit and loss has become "awfully good". Most of the review is handled by Peter Ellis, the marketing director, one of the long-serving ICL executives who has prospered under Mr. Cross. Others have not been so fortunate, and the managing director has earned something of a reputation as a hatchet-man. This is partly because of his deviation from the previous policy of almost always promoting from inside. Particularly in such an international industry as computers, it is important to get the best person for the job. And Mr. Cross makes the point that, if promotion is only from within, people down the line automatically expect to move up into a superior's shoes.

This policy of attracting the best of the international computer fraternity requires ICL to pay a generally higher salary than, say GEC or Thorn. A sizeable number of ICL executives also benefit from the bonus plan which Mr. Cross introduced four months after he joined. But he confounds one typical view of American business practice with the statement that "very few of our people work for money"—though he considers they work better with it. He is the only employee with stock options (and a £45,000 salary last year).

### Unwieldy

Two further changes streamlined the management approach. First, an unwieldy two-tier board for decision-making was replaced by an operations review committee (Messrs. Cross and Hudson, plus the deputy chairman), which reports direct to the Board of the holding company. Second, Mr. Cross concentrated management's attention towards solving problems, rather than congratulating themselves on successes. Mr. Cross admits that he is using his North American

experience, gained from 14 years with Sperry Rand, in his tactics at ICL. The main lesson he learned from American business concerned profit centre management and budgetary control.

He claims always to have been "an absolute detail man" who is not satisfied with generalities, but this may partly spring from his background of having "made it the hard way." The son of a Birmingham bus driver and inspector, he did not go into business equipped with qualifications or degrees. After working with a cycles subsidiary of Tube Investments, he left for Canada in 1957, at the age of 23. After night school at the University of Toronto, he joined Sperry Rand's Vickers division in Canada, moving in 1968 to New York (Sperry's headquarters) as controller of Univac International (part of its computer operation).

From 1969 to 1971 he was head of Univac's European division in London, returning to run its north and south American marketing activities in 1971. As he left his mid-Atlantic accent (with a tinge of the industrial Midlands) he became an American citizen. Drawing on their experience of American competition, Mr. Cross and Mr. Hudson (who was with IBM for many years) have taken ICL along the road towards becoming what Mr. Cross calls "a single purpose company." Several subsidiaries have been sold off in the last few years (including Data Recording Instrument, now a subsidiary of the National Enterprise Board), and ICL has stopped making peripheral equipment if someone else does it better or more cheaply. The new link with Control Data and NCR on some peripherals is part of this policy.

ICL is also following the Americans towards greater productivity. The drop of 3,000 in the manufacturing labour force since 1972 to 8,500—has resulted from a mixture of greater efficiency on existing products, the stripping out of non-essential products, and advances in product technology. The latter is a continuing process, and implies as much at ICL as at IBM, Univac or elsewhere, that labour content is declining. But ICL's output per

### Dividend

Most important to the shareholders is the chairman's indication earlier this year that they may at last expect a substantial dividend. Not the least pleased should be the Government, in the form of the National Enterprise Board, which has a 24.4 per cent stake. But anyone who sees ICL's success as illustrative of successful Government intervention should think hard about what is meant by "intervention."

True, the Government's £40m. has paid for about a quarter of the company's development programme over the most crucial four years of its life. As the NEB has doubtless found, since it took over the shareholding a few months ago, ICL's success has been attributable to the quality of its own management, rather than to state intervention.

## High risks in chemical plant

BY RHYS DAVID

TO FIND a means of taking the risks out of investment in highly capital-intensive plants is akin to the alchemist's search for gold in today's chemical industry. Projects can go wrong for a variety of reasons; varying from bad engineering to unsound economics, or the invention of a new technological process outdating the most modern plants.

Nor is it only the chemical companies who stand to lose. Though the industry raises much of its own capital, it also makes recourse to institutional investors who very often lack the technical expertise to assess the viability of projects.

The same is true of the developing countries which are anxious to attract sophisticated industries but are often unable to tell whether they will end up with products which could be competitive, or unmarketable.

### Failure

According to Mr. Walter Freud, a chemical engineer, one in 20 plants built by the chemical industry turns out to be a failure for technical, commercial, or environmental reasons, and others limp along below expectations. If this represents only 5 per cent of total investment it could mean that out of the projected £2.8bn. to be spent by the U.K. chemical industry over the period 1976-78 as much as £140m. would be wasted.

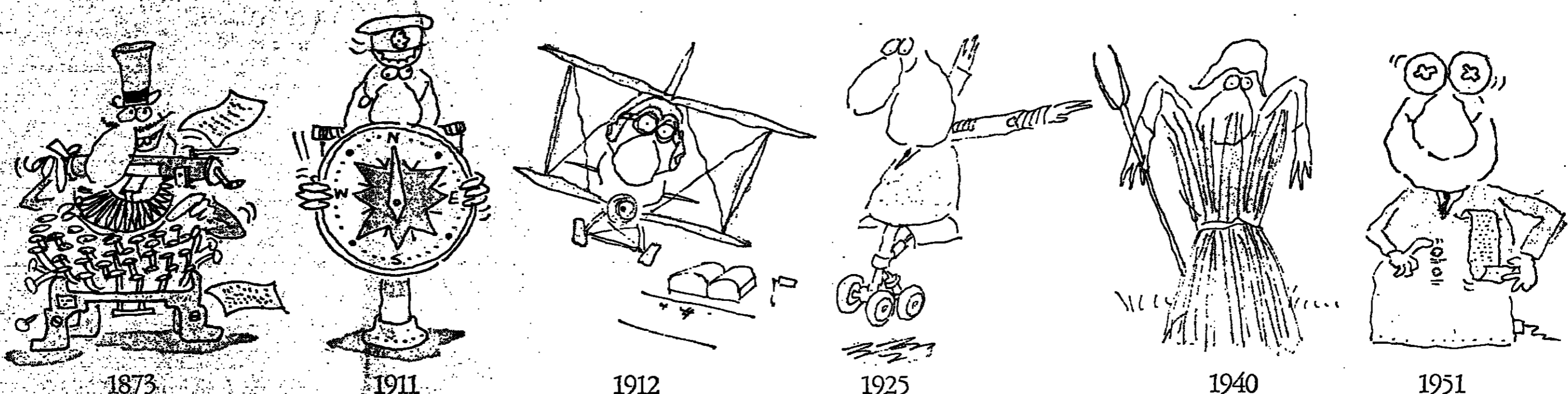
Mr. Freud has recently set up a consultancy, A. W. Freud and Associates, to look at such problems and it will concentrate on such matters as cost estimation, plant design, metalurgy, pollution and insurance. The type of project anticipated are plants which were built by two U.K. companies to convert naphtha into ethylene and acetylene using a new process but which did not work: the failure of TPX polymer to compete economically with other clear plastics in the bottles market; and the manufacture of Lysine, an amino-acid from caprolactam—a process which again had to be dropped when it was found not to be competitive with the conventional fermentation route. Another example is the long and costly programme of research undertaken by the National Coal Board to bring to the market the smokeless

fuel developed by a team under the late Dr. Jacob Bronowski. Mr. Freud, who has also worked with BP, BOC, and the former British Nylon Spinners, claims that potential backers for projects in the U.K. and abroad consider a client on past financial performance, even though it will generally be for technical or marketing reasons that a new project will fail.

"A new process may be theoretically unsound because research results have been misinterpreted, or the capital cost of the process has been underestimated. Equally, the process may be liable to frequent breakdowns and interruptions, caused by faulty design features, or may be on the point of becoming obsolete. Processes may also fail to meet standards set for pollution control, health and safety, or product purity by different countries," he states.

### Evaluation

The consultancy system is one which according to Mr. Freud is well established on the Continent; and in Germany in particular, the banks are much more directly associated with industry, and more closely involved in the evaluation of projects. In the U.K., among those who have expressed interest in the idea is the Ministry of Overseas Development, anxious, as might be expected, to ensure that aid is directed to projects which will provide the greatest benefit to the recipient countries.



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# COMPANY NEWS + COMMENT

## APV advances to £5.4m. at mid-term

ON TURNOVER increased from £48.06m. to £58.58m., pre-tax profit of APV Holdings for the half year ended June 30, 1976, is up from £4.3m. to £5.4m. The profit is struck after debiting the group's share of losses of associates, mainly in Australia, of £128,000 against a profit last time of £14,000.

Interim dividend is 3.5834p net 50p share, against 3.2577p. The group paid dividends totalling £3,900p per share in 1975, after pre-tax profits of £9.19m. Earnings are stated at 21.63p per share, against 17.39p.

The chairman, Mr. Peter Seligman, states that group order intake to the end of August was more than 30 per cent. in advance of the equivalent period last year. Even allowing for currency changes and inflation, he says, order intake in real terms has been well maintained throughout this year.

The outlook is bright, the chairman says, and he expects trading in the second half to continue at a satisfactory level. It is intended to increase the final dividend by the maximum permitted.

Referring to the group's agreed offer for Hall-Thermotank, Mr. Seligman says that he is confident that the benefits of the merger will soon become apparent, resulting in significant growth in market strength for the enlarged APV group.

APV manufactures processing and heat transfer equipment for industry.

APV's 26 per cent. profits rise includes £350,000 from currency gains on conversion of overseas subsidiaries' profits. But, excluding Australia where there was loss, the trading background was good and margins were up slightly even on capacity utilisation of four-fifths. Excess capacity is being taken up slowly, especially in the U.S. Second half profits should be higher, with an expected turnaround in Australia and general improvement in trading. The real interest, though, is in integration of Hall-Thermotank which should bring benefits from filling the gap in refrigeration, making the group able to quote for turnkey projects and producing a complementary base. However, in the short-term the intake of Hall-Thermotank may result in some dilution of earnings per share on full conversion of the loanstock. For the time being, earnings could be up at around 43p per share assuming APV maintains its growth rate in the second half for a prospective p/e of 5 at 228p.

### HIGHLIGHTS

Wimpey's shares slipped by a sixth on the first-half results which show a profit gain of £1m., against a market expectation of more than £1m. Cadbury Schweppes first-half results are also slightly disappointing with limited progress in the U.K. and losses in North America while the prospects for the current half show little sign of improving. Lex also takes a look at the rights issue document from Lonrho. Elsewhere APV is some 26 per cent. ahead thanks to currency gains and some improvement in margins despite capacity utilisation of four-fifths. Cope Allman finished the year on a strong note with the final outcome only 71 per cent. lower pre-tax after a first-half shortfall of 54 per cent. While TPT seems to have performed better than most in the packaging sector with a first-half jump of 80 per cent. On the face of it Federated Chemicals has also romped away in the first half but the picture is distorted by the first-time consolidation of Tioxide, which is enjoying a bumper year.

### Recovery at Int. Combustion

THE RECOVERY at International Combustion (Holdings) evident in the latter half of 1975 continues with pre-tax profits for the half year to June 30, 1976, up from £162,000 to £379,000. The interim dividend is maintained at 0.323p net per 50p share.

The directors state that present indications are that trading profit for the year—excluding three months trading from Metropole Industries—will show an increase over the previous year, in which the group made pre-tax profits of £306,000 and paid dividends totalling 0.65p per share.

The group's principal interests lie in the manufacture and correlation to better demand in the U.S. Second half profits should be higher, with an expected turnaround in Australia and general improvement in trading. The real interest, though, is in integration of Hall-Thermotank which should bring benefits from filling the gap in refrigeration, making the group able to quote for turnkey projects and producing a complementary base. However, in the short-term the intake of Hall-Thermotank may result in some dilution of earnings per share on full conversion of the loanstock. For the time being, earnings could be up at around 43p per share assuming APV maintains its growth rate in the second half for a prospective p/e of 5 at 228p.

### Upsurge at Associated Book

REPORTING A jump in first half 1976 pre-tax profits from £261,000 to £771,000, the directors of Associated Book Publishers say they expect full year results to be in advance of those for 1975 when profits reached £1.91m.

First half earnings are shown to be up from 2.5p to 7.3p per 20p share and, to reduce disparity with the final, the interim dividend is lifted from 0.882p to 1.2p net. Last year's final was 2.35p.

Following a 77 per cent. pre-tax rise last year, but still expected to return to a more modest rate in the current year. So far this has not happened. First-half profits are more than doubled, but the pre-tax level includes around £109,000 from exchange profits but the improvement also reflects the continuing success of the group's legal books, particularly in Canada. It seems inevitable that this exceptional rate of growth will begin to ease in the second half but the group appears to have few problem areas. In fact, university books appear to be the only sector suffering a downturn at the moment. Also, ABP's liquidity position is still strong, with net cash now above

the £30,000 level of the last accounts. The full year should see a pre-tax level of at least £2.1m. putting the shares on a prospective p/e of just over 3, at 74p, which is below average for the sector.

### Associates boost Fed. Chemical

WITH ITS share of profit from associates jumping from £1,000 to £1,353,000, Federated Chemical Holdings increased pre-tax profits for the half year ended June 30, 1976, from £358,000 to £1,659,000 on turnover up from £14.98m. to £20.13m.

Interim dividend is lifted from 1.173p net per 25p share to 1.2912p.

The group made pre-tax profits of £501,000 in 1975 and paid dividends totalling 2.9925p per share.

The group has consolidated its interest in Tioxide Group for the first time. If this had been done for previous periods, pre-tax profit for the first half of 1975 would have been £342,000, and for the whole of 1975 the figure would have been £1,083,000.

The directors state that the holding in Tioxide is the group's major investment. However, cash flow, and the group's dividend policy, remain linked to dividends receivable from Tioxide and not to Federated Chemical's attributable share of profits.

Signs of recovery have shown through not only the results from Tioxide but also elsewhere, say the directors. Distribution and trading activities in the U.K. have benefited from rationalisation and from the recovery in demand while Canada and the U.S. have produced good profits. Clonmel Chemicals is still the biggest problem, and, although the forward order position is the best ever, the group is still concerned about costs and resulting losses.

Approximately 70 per cent. of half year pre-tax profits is derived from overseas companies and exports from the U.K. The directors add, "On the other hand, less than 20 per cent. of group sales is derived from products imported into the U.K., and the continued decline in the value of sterling."

Federated Chemical's interim profits rise on the back of the strong recovery in some chemical sectors is good, but not as impressive as the results suggest. If the figures had been compiled on the previous year's basis of taking only the dividends from Tioxide, trading profits would have come out at £358,000 (a rise of just over a quarter) and pre-tax profits at £445,000. The 40 per cent. fall in interest charges reflects loan payments after last year's sale of investments. Still, with the chemical recovery well under way and problem areas like Microfine (now on breakeven and giving the prospects of profits next year) and Clonmel showing signs of improvement, the maximum yield of 12.2 per cent. at 43p looks over-10.7 per cent. yield would be

### British Rollmakers static

PRE-TAX PROFIT for the first half 1976 of British Rollmakers Corporation decreased marginally to £710,375, compared with £711,375 for the strike affected corresponding period a year earlier. The figure for the year 1975 was £1.8m.

Turnover for the six months increased from £9.58m. to £10.31m., and tax absorbs £275,000 (£378,000).

An unchanged interim dividend of 0.875p net per 25p share is declared. Last year's total was 2.5825p.

In the roll division home orders have been very low while competition in export markets was so severe that business had to be taken at prices showing very little profit, the directors state.

The machine tool equipment division experienced somewhat similar conditions though the directors are satisfied that the company is maintaining its share of the market.

No improvement can be expected in the remainder of the year but better trading is anticipated for 1977.

The directors are proceeding with development plans and consider that longer term prospects are good.

Rollmaking sales  
Machine tool  
Total sales  
Rollmaking profit  
Machine tool  
Total profit  
Total profit after tax  
Interest etc.  
Interest payable  
Taxation  
Pre-tax profit  
Profit before tax  
Profit after tax  
Dividend  
Depreciation charged

covered 14 times, though the shares are overbought by Davy International's 30 per cent. stake, which is yet to be placed in the market.

### McLeod Russel pays more

ON A TURNOVER up from £10.77m. to £11.8m., profit of McLeod Russel and Co. decreased marginally from £2.43m. to £2.4m., subject to a substantially reduced Indian tax charge, in the year to March 31, 1976.

Earnings per share increased from 2.25p to 3.49p and the dividend is stepped up from 5.884p to 6.456p net.

Acquisitions of The Consolidated Tea and Lands Company, and Cessnock Holdings are being treated in the group accounts as being effective from March 31, 1976, so that all profits of these companies and of the others which became their subsidiaries as a result of the subsidiary reorganisation fall to be treated as pre-acquisition. The figures therefore do not include the results of any of the newly-acquired subsidiaries for their financial periods which ended in the year to March 31, 1976, it is stated.

On turnover up from £1.68m. to £2.22m., profits of William Lawrence and Co. advanced from £143,000 to £259,000. In the first half of 1976, subject to tax of £135,000 compared with £75,000. Profits for all of 1975 were a record £253,000 and the dividend was 2.744p net.

The company manufactures domestic furniture and specialised woodwork for the motor car and domestic heating industries.

Half Year Group Earnings to 30 June 1976, after taxation, were £9.74 million, (11.5% increase) and the growth in earnings is expected to continue through 1976 to reach a new record level of at least £23.93 million for the full year.

An Interim Dividend of 1.35p per share (1.23p 1975) has been declared, payable on 27 November to shareholders registered on 17 November.

Stage One of the Central District redevelopment scheme, the 34-storey Alexandra House, is completed and is expected to be fully occupied by the end of the year. Stage Two will begin shortly thereafter.

The 18-Storey P & O Building Hong Kong, has been purchased and four residential developments have been sold for £6.75 million—transactions which enhanced our Central District commercial portfolio and consolidated our property interests.

## TPT ahead by 80% after six-months

CYLINDRICAL and conical paper tube manufacturers, TPT lifted pre-tax profits by nearly 80 per cent. from £1.61m. to £2.91m. in the first half of 1976 on sales up by 40 per cent. from £3.44m. to £5.21m. and the directors expect to report fully satisfactory results for the year.

First half earnings are shown to have advanced from 2.77p to 4.94p per 20p share and the interim dividend is raised from 1p to 1.1p net costing £107,000. Last year's total was 2.92p paid from pre-tax profits of £2.16m.

Overall group volume of paperboard and packaging products is being expanded by one-third and price increases were generally restrained below the national rates of inflation in the U.K. and overseas, say the directors.

The board division operated at full productive capacity which has recently further expanded. General products division benefited from increased demand in general packaging, and half-litre containers, and half-litre containers were successfully launched.

Substantial advances were also recorded by the main European Continental and Asian subsidiaries, but progress overseas is not being maintained in the current half-year.

As TPT's concentration on specialised areas of packaging enabled it to fare much better than many of its competitors during the sector's recent depression, so it also appears to be aiding its recovery. First-half pre-tax profits have jumped roughly 80 per cent. and the group now appears to be heading for a pre-tax total for the year around £3m. That puts the share on a prospective p/e of around 37p—well below the 1975 average. Considering that the group has invested over £5m. in capital plant over the last two years, and still has some substantial benefits to come this, TPT should be well placed to continue moving ahead, a pace which could give its shares a relative strength.

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## Federated Chemical Holdings Limited

### Interim Statement

(Showing unaudited Consolidated Results for the Six Months ended 30th June, 1976)

	1st Half 1976	1st Half 1975	Year 1975
Turnover (other than as Agents)	20,133	14,982	30,857
Trading Profit	509	393	460
Investment Income	18	286	563
Share of Profit of Associated Companies	1,353	1	(16)
Interest Payable	1,880	680	1,007
Profit before taxation	191	322	506
Taxation—U.K.	1,689	358	501
—Overseas	(389)	(164)	(195)
Profit after tax	(457)	(3)	(33)
Pre-acquisition Losses	843	191	273
Profit after tax before extraordinary items	843	191	273
Extraordinary items	15	547	542
Profit after tax attributable to Federated Chemical Holdings	858	738	830
Dividends Payable (Interim 1-2912p per Share)	184	167	427
Profits retained in Reserves by Group and Associates	674	571	403
Basic Earnings per Share	5.91p	1.34p	2.02p
Fully Diluted Earnings per Share	5.66p	1.28p	1.94p

As announced in the Chairman's Statement accompanying the 1975 Annual Accounts, Tioxide Group Limited has been treated as an Associate from 1st January 1976. Had this treatment been in operation in 1975, comparative figures would have been as follows—

	1st Half 1976	1st Half 1975	Year 1975
Investment Income	18	30	49
Share of Profits of Associated Companies	1,353	441	1,079
Profit before Taxation	1,689	542	1,083
Profit after Tax before Extraordinary Items	843	213	465
Basic Earnings per Share	5.91p	1.48p	3.26p
Fully Diluted Earnings per Share	5.66p	1.43p	3.12p

The Board of Federated Chemical Holdings Limited announces that profit before tax for the first half of 1976 amounted to £1,689,000 which, after a tax charge of £846,000 leaves £843,000.

The Directors have declared today an interim dividend of 1.2912p per share (1975 1.1739p) equivalent to 1.5885p per share (1975 1.806p) after allowing for tax credits. This dividend, being an increase of 10% on the interim dividend for 1975, has been declared payable on 8th January 1977 to Ordinary Shareholders on the Register as at close of business on 28th November 1976.

We have consolidated our interest in Tioxide Group Limited for the first time and the figure for previous periods has been shown in two forms for ease of comparison. The holding in Tioxide is our major investment and its value matches the investment in our operating units. We believe that this change presents shareholders with a more balanced view of our activities. However, our cash flow, and therefore our dividend policy, remain linked to the dividends receivable from Tioxide and not to our attributable share of its profits.

The signs of recovery alluded to in May have now shown through not only in the results from Tioxide but elsewhere. Our distribution and trading activities in the U.K. have benefited from rationalisation and from the recovery in demand, whilst Canada and the U.S.A. have produced good profits. Clonmel Chemicals is still our biggest problem and, although the forward order position is the best ever, we are still concerned about costs and resulting losses.

Approximately 70% of the half year pre-tax profits for the Group and its associates, is derived from overseas companies and exports from the U.K. On the other hand, less than 20% of Group sales is derived from products imported into the U.K., the sales of which might suffer from the continued decline in the value of sterling.

30th September 1976.

## CHANNEL TUNNEL INVESTMENTS LIMITED

23 COLLEGE HILL, LONDON EC4R 3RT

Interim Report for the six months ended 30th June, 1976

	6 months to 30th June, 1976	6 months to 30th June, 1975	Year to 31st December, 1975
(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income from quoted investments (gross)	5,929	2,316	8,146
Income from unquoted investments (gross)	1,075	1,483	1,483
Interest receivable	7,004	22,417	27,267
Administration expenses	2,331	3,494	7,179
Profit before taxation	4,673	18,923	29,717
Taxation	1,963	9,913	(11,988)
Profit after taxation	£2,710	£9,010	£17,705

30th September, 1976

## NORTON & WRIGHT GROUP LIMITED

(Production and distribution of fund-raising cards and schemes)

### Continued Progress

Points from the Statement by the Chairman, Mr. David S. Rocklin, circulated with the Report and Accounts for the year to 31st March, 1976.

- ★ Pre-tax profits were £504,419 compared with £353,112 for the previous year. A proposed Final Dividend of 2.578p makes a total for the year of 3.645p per share (1975 3.128p).
- ★ Earnings per share rose to 8.30p from 5.83p.
- ★ Turnover increased by 39.7% to £2,270,800. Export sales at £718,748 represent approximately 32% of the total.
- ★ Comparing these results with those obtained in 1973/74, the first year as a Public Company, turnover has increased by 142% and exports by 114%.
- ★ To take full advantage of new opportunities in international markets, two new companies will be formed, Stansfield Securities N.V. and Opax Lotteries International N.V., in which the Group will own 50% of the equity through its overseas subsidiary Norton & Wright (Holland) B.V.

## Hongkong Land: Stage One of Central District Redevelopment Completed.

Half Year Group Earnings to 30 June 1976, after taxation, were £9.74 million, (11.5% increase) and the growth in earnings is expected to continue through 1976 to reach a new record level of at least £23.93 million for the full year.

An Interim Dividend of 1.35p per share (1.23p 1975) has been declared, payable on 27 November to shareholders registered on 17 November.

Stage One of the Central District redevelopment scheme, the 34-storey Alexandra House, is completed and is expected to be fully occupied by the end of the year. Stage Two will begin shortly thereafter.

The 18-Storey P & O Building Hong Kong, has been purchased and four residential developments have been sold for £6.75 million—transactions which enhanced our Central District commercial portfolio and consolidated our property interests.

Blankrooms is completed with 94 flats now fully let. Plans for redeveloping the Tregurtha site are now being finalised.

The New Township in Poldkham has now received final Government approval. 4,350 flats for sale will be built over six to eight years together with three schools and other community facilities.

The Manila Mandarin (30% owned) opened in September and the Oriental Hotel Bangkok (49% owned) completed its new River Wing in July.

Food Manufacturing and Trading activities continue to expand with a new supermarket in Hong Kong opened; another supermarket at the new Airport catering building will be ready in 1977.

D. K. Newbigging Chairman  
Hong Kong 30 September 1976.

Half Year Results  
Six months: January/June

	1976	1975
Group Profit after Taxation (unaudited)	9,740,000	8,740,000
Interim Dividend	6,490,000	5,900,000

Earnings per share  
Interim Dividend per share  
Currency conversions from HK\$ made at rate ruling on September 30, 1976.

Alexandra House, the Group's recently completed 34-storey office building in Hong Kong's Central District.

The Hongkong Land Company Ltd  
Gloucester Building, Hong Kong

Profit and turnover levels up

# Cadbury Schweppes to top Midterm jump for Sabah last year's £38.6m.

SALES to £280.0m, a great extent on the level of £240.7m, pre-tax profit of Cadbury Schweppes advanced from £14.1m, the impact of a continually rising price of cocoa beans is bound to be felt in the year ending June 30, 1977, and the chairman, Mr. G. A. H. Cadbury, forecast that the year's profit in excess of £38.6m, for 1977.

U.K. operations maintained their satisfactory progress through the first half year, in spite of the effect on margins of falling commodity prices and of the depreciation of sterling.

The most significant improvement in earnings is from Europe, mainly due to the continuing success of the German business, and to measures being taken to reorganise operations in Southern Europe, which, for 1977, will be a pre-tax loss of £1.0m.

North American results were disappointing in the first half, being well up under competitive conditions. The profit contribution from the U.S. economy was more than offset by a serious loss made by the Canadian confectionery business, the management of which has now been strengthened, says Mr. Cadbury.

In South Africa, confectionery results were good, but the soft drink company showed a loss, which led to the recent decision to restructure this section of South African activities.

In spite of the economic uncertainties, the company has increased its level of investment both within and outside the U.K. to keep production facilities up to date and to meet the upturn in demand.

The chairman stresses that the outcome for the year depends on the

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are increases or falls and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim—Beaton Clark, Beaver Group, Rourke and Hollingsworth, Life Shipping, Scottish Television, George Wills, Flax—Laird and John, Harry Vintcent.

**FUTURE DATES**  
Interim—Dickinson Pearce Intl., Oct. 8  
Domestic and General Trust, Oct. 14  
Full—Charlton of Bristol, Oct. 14  
Joint Investment Trust, Oct. 14  
Finance—Laird and John, Harry Vintcent, Oct. 22  
Domestic—Nov. 11  
Domestic—Nov. 11  
Domestic—Nov. 11

IN THE FIRST half of 1976, turnover of timber distributors The Sabah Timber Company rose from £22.14m. to £32.20m. and pre-tax profits jumped from £2.12m. to £4.26m.

The directors say prospects for the second half are reasonably good. Eastern demand remains firm but much depends on the U.K. economy. Profits for 1977 were £4.12m.

The interim dividend is raised from 0.25p to 0.35p net. Last year's total was 1.33p.

## Berger Jenson down

FIRST HALF 1976 pre-tax profit of paint, etc. manufacturers, Berger, Jenson and Nicholson, decreased slightly from £3.72m. to £2.67m. on sales up from £98.95m. to £104.57m.

The directors emphasise that a better trading environment would be necessary in Britain for 1977 results (pre-tax profit was £7.16m.) to be repeated this year.

They state that there is now no doubt that the world is climbing out of recession. The timing and extent of the recovery vary considerably from country to country where the Berger Group operates.

## Interim Statement

	6 months to 30.6.76	6 months to 30.6.75	Year 1975
	£m	£m	£m
The Net Profit (after depreciation, interest and other expenses) is estimated at	15.7	15.2	35.4
Corporation Tax thereon (taken at 50%)	3.2	7.9	18.2
Leaving a Net Profit after Corporation Tax of	7.5	7.3	17.2

Mr. R. B. Smith, the Chairman, stated: "Work carried out during the half year was valued at £265m, being 13% up on the corresponding period of 1975.

The value of contract work on hand shows little change as compared with the previous year. Sales of private houses again show some increase.

As indicated by the

above interim results, profits continue at a level comparable with last year and, while no great change is foreseen in the immediate future, the recession in the construction industry makes it difficult to forecast beyond the end of this year."

George Wimpey & Co. Limited  
Hammersmith Grove  
London W6 7EN

## Advance by Green Group at six months

Pre-tax profits, including investment income, of Dublin-based cinema owners, The Green Group, rose from £130,200 to £152,600 in the half-year to April 30, 1976.

After tax up from £65,300 to £77,000, stated earnings advanced from £22p to £45p per 10p share and the interim dividend is effectively lifted from 0.65p to 1p net. Last year's total was equal to £1.125p after pre-tax profits of £284,200.

During the period most cinemas continued to show an improving trend, say the directors. Apart from the sale of the premises in Neghev there was no material change in the business.

The recent industrial dispute at Green Cinemas, and the "unhappy state" of the stock market, means it will be difficult to achieve full year results much better than last year's members are told.

The directors continue to search for suitable additional premises and business, and hope shortly to announce acquisitions presently being negotiated.

## Modern Engineers improves

FROM A reduced turnover of £2.85m., against £2.95m., first half 1976 pre-tax profit of Modern Engineers of Bristol (Holdings) increased from £175,289 to £188,136.

The directors state they are confident that profit for year should be comparable with the £284,110 of 1975.

The interim dividend is lifted from 0.7645p to 0.8p net per 25p share. Last year's total was £2,809.7p. As this exceeded the maximum permitted by 0.067p the directors undertook to make the adjustment in the 1976 final.

## C. Sharpe profit cut to £0.48m.

The reduced profit indicated by seed growers and merchants, Charles Sharpe and Co., turns out to be £480,516 for the year in June 30, 1976, compared with £765,016 for the previous year, subject to tax of £232,789 (£400,903).

The dividend is lifted from 15.96p to 17.55p net with a final £10.4p.

## Startrite expects to improve

Pre-tax profits of Startrite Engineering Group for the year ended June 30, 1976, is £331,148, against £274,834 last time, after a drop to £115,700, against £172,700, at half-time.

The directors feel that the second-half improvement is encouraging, and they are of the opinion that profit should further improve in the current year.

A final dividend of 2.1212p net per 20p share makes a total of 3.1212p (2.8575p). Earnings per share are stated at 10.8p (11.5p).

Tax, including a transfer to tax equalisation account took £161,746 (£204,787). Turnover for the year was down from £3,199,341 to £2,884,255.

## Apex Props in strong position

A strong position is shown in the balance-sheet of Apex Properties with properties included at £8.45m. at March 31, 1976, against mortgages of £1.53m. at rates of interest between 6 1/2 and 7 1/2 per cent., says the chairman, Mr. J. de Vere Hunt.

There are no bank overdrafts and current assets exceed current liabilities by £0.69m.

Group profit for the current year should be very much in line with that earned last year, he adds. Group profit, before tax and extraordinary items, for 1975-1976 was £385,311—£20,000 higher than forecast.

Meeting, 243-247, Pavilion Road, Sloane Square, S.W., October 26, noon.

**King & Shaxson**  
Limited  
52 Cornhill, EC3 3PD  
City Edged Portfolio Management  
Service Index 29.7.76  
Portfolio 1 Income—Offer 79.82  
Portfolio 1 Income—Bid 78.97  
Portfolio 11 Capital Offer 103.71  
Portfolio 11 Capital Bid 103.70

# TOOTAL

Extracts from the Interim Statement

The marked improvement in profits for the first four months of the current year, announced at the Annual General Meeting in June, has continued. Rationalisation benefits coupled with improved demand in traditional textile activities and a strong rise in export sales have raised U.K. textile profits by over 40%. This improvement has, however, been partially offset by difficult conditions in retail and non-textile activities.

Overseas trading profits have more than doubled compared with the first half of the previous year. In North America and Australia the recovery has been particularly strong, enhanced by the benefits from recent substantial investment. Current overseas investment, financed by foreign borrowings, is being concentrated in the Far East. The outstanding minority shareholding in our successful Hong Kong operations has been acquired, which facilitates additional expansion in this area. An investment of a further £1.5 million in the Philippines, to double productive capacity for polyester thread, has recently been announced.

The Board expects that the results for the second half of the year will reflect a marked improvement over the second half of last year.

In the light of the substantial improvement in profits the Board has declared an increased interim dividend of 0.8p (1975 0.72p), payable on 7th January 1977 on the capital increased by the rights issue, which absorbs £1,376,000.

**Group Results**  
(unaudited) for the six months to 31st July 1976

	1976	1975
	£.000	£.000
Sales to outside customers	152,853	119,528
Trading Profit before Interest	9,439	5,835
Profit before Taxation	6,230	3,063
Profit after Taxation	2,726	1,439
Profit attributable to Ordinary Shareholders	1,630	(227)

**NOTES**

(1) Movements in exchange rates between 2nd August 1975 and 31st July 1976 have improved the 1976 Profit before Taxation by £633,000.

(2) The different results of deferred taxation for United Kingdom companies referred to in the accounts for the year to 31st January 1976 has no material effect on the taxation charge for the 1976 half year.

**Tootal Limited**  
56 Oxford Street, Manchester M60 1HJ

**Wagon Industrial Holdings Ltd.**

**Profit and turnover at record levels; export sales up by 27%.**

**Salient Points from Review by Mr. C. Leslie Smith, O.B.E., Chairman.**

For the third successive year the Company has produced record profits, turnover and export sales. Having started the year with a net overdraft of £1,647,791 we were able to show net bank deposits and short term investments of £528,914 when the year ended.

The results justify your Directors recommending the maximum permissible increase in dividend to 6.19p per share (5.69p) making a gross total with tax credit of 9.52p compared with 8.66p last year.

Export business expanded by 27% to £5,438,889. Clearly confidence in the future is the criteria that motivates investment and in the past 3 1/2 years we have spent £2.6 million in expansionary projects within the Group from which we have yet to reap the full benefit.

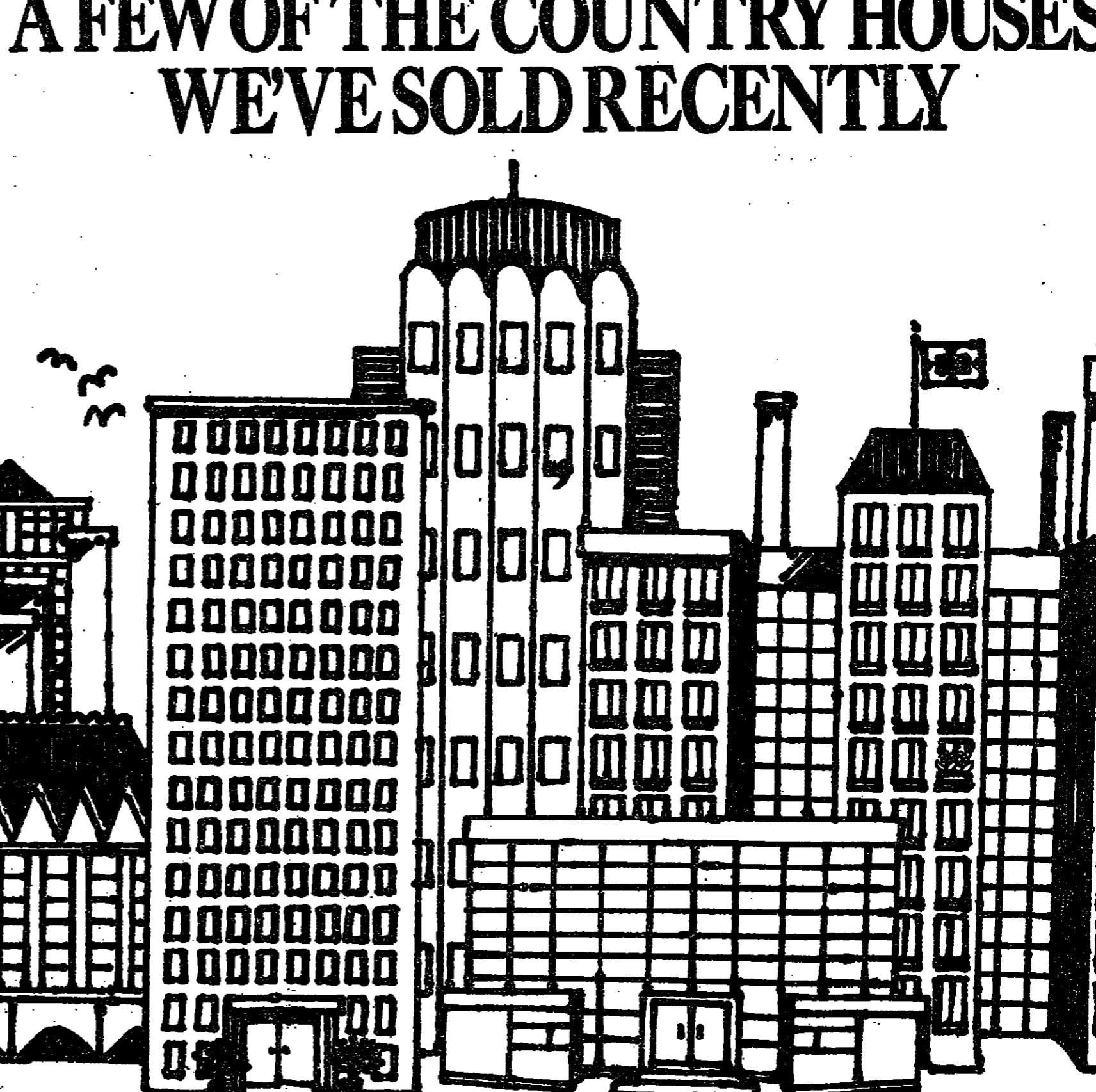
We are satisfied that our policies are proving fruitful and that given reasonable trading conditions at Home and Overseas we will continue to maintain our progress.

**Key Figures for the Year 1975/76**

	1976	1975
	£'000	£'000
Turnover	25,017	23,423
Profit before Tax	2,765	2,238
Tax	4,450	1,136
Extraordinary Items	—	212
Profit attributable to Shareholders	1,280	1,289
Retained Profit	715	770

Copies of the Report and Accounts may be obtained from The Secretary, Wagon Industrial Holdings Limited, Imperial House, Bournville Lane, Birmingham B30 1QZ.

# A FEW OF THE COUNTRY HOUSES WE'VE SOLD RECENTLY



There's a lot more to KFR than town and country houses. We deal with commercial property in a very big way. Among our clients are banks, pension funds, development companies, unit trusts, commercial and industrial companies and scores of other concerns. Who knows? One day we may be reminding you that we have a residential side too.

Our commercial departments include: Investments, Development, Industrial, Management, Shops & Offices, Rating, Tourism, Hotels, Plant & Machinery, Planning & Compensation. It's all part of the Knight Frank & Rutley service.

**Knight Frank & Rutley**  
20 Hanover Square, London W1R 0AH. Tel: 01-629 8171. Telex: 265384.  
Also in: The City of London, Edinburgh, Hereford, Hungerford. Associated Offices: Amsterdam, Brussels, Faro, Geneva, Lagos, Paris, Tehran.

# George Wimpey little changed at midway

FIRST HALF 1976 profit of George Wimpey and Co. increased marginally from £13.2m. to £13.7m., subject to tax of £3.2m., against £7.9m. While no great change is foreseen in the immediate future, the recession in the construction industry makes it difficult to forecast beyond the end of this year, says the chairman, Mr. R. B. Smith. Profit for the year 1975 was £35.48m.

Work carried out during the half year was valued at £265m., 13 per cent. up on the comparative period. The value of contract work on hand showed little change compared with the previous year.

Sales of private houses again show some increase, the chairman adds.

## Celtic Haven optimistic

A profitable year for Celtic Haven is forecast by chairman Mr. J. A. Rowlett in his annual statement.

He predicts a profitable year for Celtic Sea Supply Base, the subsidiary which services the oil industry, while the outlook for Barn Lake Engineering, the new offshore fabricating subsidiary, though not as easy to foresee, is probably more encouraging, he says.

The third major group activity, the farming company, made excellent profits in 1975-76 from potato farming with a creditable back-up from barley.

As reported on September 22 the group transformed a pre-tax loss of £29,000 into a profit of more than £1,000 for the year ended March 31, 1976. The dividend is 0.2625p a share net compared with no dividend the previous year, and the same in 1974.

Profits from potato farming were offset by losses at the supply base.

Barn Lake Engineering contributed a profit in its first year, as hoped. Though the Vinnit, the large deck cargo barge built for Norwegian customers, was not quite complete at year-end an appropriate proportion of the profit is included in the accounts with the balance to come in the current year.

Meeting. Burton, Dyfed on October 29.

CLARKSON INTL. ACCOUNTS

Clarkson International Tools, a subsidiary of Thorn Electrical, has announced that there will be an announcement that there will be a delay in the publication of the

1976 report and accounts due this week. The reports appear to have been mislaid in transit between the printers and the company. If they are not found, a reprint will be ordered which could mean a delay of several weeks.

Every effort will be made to keep the delay to the minimum and the directors will advise holders in the near future of the revised publication date.

See Lex

## Orion Bank sees sharp increase

It is reported from Hong Kong that the Orion Bank group should show a further sharp profit increase for 1975 after last year's 46 per cent. rise in consolidated net profit to £3.58m.

Chairman, Mr. David Montagu says the group's investment banking operations are having another good year and lending activities have shown significant profit growth.

Orion Bank is jointly owned by Chase Manhattan Corp., Credit Italiano Holding, Mitsubishi Bank, National Westminster Bank, the Royal Bank of Canada and Westdeutsche Landesbank Girozentrale.

Growth at Haslemere continues

The chairman of Haslemere Estates, Mr. F. E. Cleary, told shareholders at yesterday's annual meeting that "in the first few months of present financial year the company is continuing its programme of profitable growth which has been the watchword for many years."

Francis Parker announces that, as a result of work required in respect of the continuing negotiations for the sale of the marine and land based gravel and Ready Mix Concrete interests, finalisation of results for the year ended March 31, 1976, has been delayed. The results are now expected to be announced by late autumn.

MALAYSIAN

Malaysian Plantations accounts for the year to March 31, 1976, have been delayed by the late receipt of returns from the estates in India. They will be despatched early in November, it is stated.

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## MINING NEWS

# NB Hill selling stockpile ore

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S lead-zinc-silver producing North Broken Hill has tied up a contract with the E.Z. Nazionale Idrocarburi group—of some 19bn. (£8.3m.) for a term of 12 years at an interest rate of 9 1/2 per cent. The funds are to be used by Agip for developing a uranium deposit in northern Italy's Bergamasco province.

Reserves are estimated at about 1,500 tons of uranium concentrates and a mine operating life of about 10 years, starting in 1979, is envisaged. This is the first time that the EIB has put up finance for a uranium mining project, but the bank has previously financed the construction of 13 European nuclear power stations, one of which is in Italy at Casorso near Piacenza.

Meanwhile, NBH has disclosed high grade values from two drill holes at the new deep ore find discovered last year which holds the promise of being a large ore body. One hole has intersected 17.3 metres of mineralisation assaying a rich 28.5 per cent. lead, 2.2 per cent. zinc and 439 grammes per tonne of silver. Values obtained from the second hole have come from an intersection of 7.3 metres. They were 15 per cent. lead, 9.1 per cent. zinc and 127 grammes per tonne of silver. NBH shares hardened to 218p in London yesterday.

## HUNTING GROUP MOROCCO DEAL

Another Arabian prospecting contract has been awarded to British firm, Hunting Geology and Geophysics has signed a deal with the Direction des Mines de la Géologie et de l'Énergie of the Government of the Kingdom of Morocco to undertake airborne and ground geophysical surveys over an area of some 165,000 square kilometres of southern Morocco.

At the moment it is expected that the contract will cover a period of 15 months. Other existing contracts reported recently have involved Saudi Arabia in deals with the Rio Tinto-Zinc group's Riofex and the Consolidated Gold Fields group's Gold Fields Mahad Adh Dhabab subsidiary.

## EIB LOAN FOR URANIUM MINE

The European Investment Bank

## ROUND-UP

The shutdown which began this week at the Rio Tinto-Zinc group's big Hamersley iron ore operation in Western Australia is expected to continue until the trades unions involved agree to allow a resumption of working under the terms of a settlement offer. So far, the electrical tradesmen have rejected the offer and a meeting of the other unions is reported to have given them full support.

Malaysian Tin is heading for higher earnings in the current year to next March thanks to increased tin prices and improved tin concentrate sales which amount to 33 tonnes for the past five months compared with 33 tonnes in the same period of last year.

India's state-owned Minerals and Metals Trading Corporation had a turnover of more than Rs.7bn. (£350m.) in the fiscal year 1975-76.

The corporation now plans to manufacture mineral and metal based products for export and has decided to develop a port complex.

SWS TRUSTS

Slater Walker Trust Management announces that at separate meetings of Unit Holders in Slater Walker City of London Trust, Slater Walker Financial Trust, Slater Walker Insurance Trust, and Financial Shares Trust, extraordinary resolutions were duly passed to amalgamate their trusts. The scheme of amalgamation will be effective from November 3, 1976.

BIDS AND DEALS

MERU'S £575,000 U.S. PURCHASE

Meru Group investment holding company, has agreed to pay £575,000 for Jackson China Inc., a U.S. hotel ware company. With an existing turnover of over £2m Jackson has not been valued at about £700,000 and is forecasting minimum pre-tax profits next year of at least £200,000.

Consideration will be £350,000 in cash and 1.5m. shares in Meru at 15p. Jackson's vendor, Mr. A. L. Greystone, currently chairman of Canonsburg Pottery, will become chief executive of Meru and own 45 per cent. of its equity. Mr. E. Twigg, managing director of CCI Limited, the world's largest ceramic consultants, will become an adviser to the Board.

Terms have also been agreed, conditional upon the acquisition of Jackson, for the purchase of a U.K. Pottery Company with 25 per cent. of its turnover of £50,000, the details of which will be announced shortly.

Mr. Greystone considers that it would be inappropriate for the group to continue its main business of marketing travel incentives, and he has made the transaction conditional upon this portion of the business being sold on favourable terms to Meru and its shareholders. Purchased from directors Mr. L. Pearl, Mr. A. Taylor and Mr. D. E. Pearl in 1972 for £39,000 (275,000 Meru shares at 12p) it is being repurchased by them for £200,000, the proceeds being used in part payment for Jackson.

The Board of Meru has requested suspension of the group's shares at 15p where the capitalisation is £235,000 pending a statement to shareholders, but a relisting will be applied for as soon as possible.

D. MACPHERSON

Acceptances of the offer made by Donald Macpherson to acquire the capital of Unerman not already owned have been accepted in respect of 3,715,000 Ordinary shares (96.3 per cent. of the shares for which the offer was made).

The total Unerman Ordinary shares now owned by DMG,

including those acquired in the market, amount to 96.4 per cent. of the Unerman share capital.

SCOTCROS EXPANDS

In a £325,000 cash deal, Scotcros has acquired Metropolitan Canister Company from the Charterhouse Group.

After taking account of profit retentions during the period to the date of acquisition, the net assets of Metropolitan amount to some £280,000. The unaudited pre-tax profits for the nine months to June 30, 1976, were £90,000 on sales of £900,000 for this period. Pre-tax profits for the year ended September 30, 1975, were £58,327.

GENERALE OCCIDENTALE

The offer by Generale Occidentale for the capital of Anglo-Continental Investment & Finance Company not already owned has been accepted in respect of 9,673,730 Ordinary shares, 91.36 per cent. of the shares under offer.

At the time of the offer, GO and its subsidiaries held 23,765,844 Ordinary shares in Anglo-Continental.

The offer is unconditional and remains so.

The offer by Occidentale to acquire the shares of Argyle Securities not already owned by Anglo-Continental Investment & Finance Company has been accepted in respect of 7,051,732 Ordinary shares, 55.94 per cent. of the shares under offer.

At the date of making the offer, GO and Anglo-Continental held 10,899,968 Ordinary shares of Argyle Securities.

The offer has been extended to October 6.

See property, Page 14

NEWMAN-CLOUGH

The offer by Newman Industries for Alfred Clough has been accepted in respect of 51,828 shares (3.8 per cent. of the shares for which the offer was made).

Alfred Clough has been accepted in respect of 1,388,768 Clough shares prior to the offer which, together with the above acceptances amount to 98.3 per cent.

# Second-half recovery by Cope Allman

IN THE year ended June 26, 1976, sales of Cope Allman International expanded from £107.4m. to £116.9m., but pre-tax profits were lower at £5.37m. compared with £5.81m.

At midway, reporting a fall in profits from £2.56m. to £1.62m., the directors said that second half profits would be considerably in excess of the corresponding period of 1974-75.

Full year earnings are shown at 5.78p (6.5p) per 5p share. The final dividend is 1.8078p net for a maximum permitted 2.8078p (2.5225p) total.

1975-76 1974-75  
Sales 116.92 107.40  
Interest 1.72 1.78  
Share associate's loss 1.08 0.70  
Pre-tax profit 5.37 5.81  
Tax 3.44 3.64  
Minorities 1.23 1.51  
Extraordinary debit 2.50 1.61  
Retained 749 1,238

The directors say that business in the current year continues at a satisfactory level with almost all units trading at higher production levels than over the last two years.

Costs have continued to rise, however, and profit margins are not as great as in 1975-76, the last year in which these production levels were achieved.

Owing to seasonal factors, the results for the first half year are usually lower than the second and results for the first half of 1976-77 are expected to be slightly below those for the six months just ended.

After dropping in the first half from £303,000 to £73,000, pre-tax profits of the packing material making subsidiary Capsels finished the year at £818,000 compared with £1,055,000 in their previous year. Capsels' contribution to the interim profit for the year was £287,000 in excess of £50m.

Full year earnings are given as 2.82p (4.00p) per 5p share and the dividend total is the maximum permitted 1.5455p (1.405p) net with a 0.9455p (0.512p) tax credit.

Turnover was £15.32m. (£14.2m.) in 1975-76 compared with £14.2m. (£13.0m.) in 1974-75 and after extraordinary losses of £415,000 (nil) there is a deficit of £102,000 (£487,000 profit) before transfer from reserves of £227,000 (nil).

Extraordinary losses relate to the disposal of assets of Grove Hill and Capsels' shares following their closure. The cash position remains strong and the directors consider that the company has adequate cash resources to finance the planned level of activity and to allow for the continuation of the search for acquisitions.

Results for the current year are

expected to show an improvement over those now reported.

COMMENT

A particularly strong performance in the final quarter has enabled Cope Allman to finish the year with profits just 7 1/2 per cent. lower pre-tax after a drop in the first half. The strongest recovery has clearly been from the packaging side, which saw a sharp comeback in the second half from Capsels.

After a first half turnaround to the extent of £0.8m., this division has moved back into the black to the extent of £0.8m. At the same time, though the engineering division has also made a significant recovery from its first half difficulties, while the leisure interests, now the largest contributor to profits, have maintained a fairly rapid growth trend. In the current year the group seems to be headed for at least 57m. pre-tax even though the growth of the leisure side now seems to be easing as the provision of fruit machines slows down. On this basis the shares at 40p are yielding 11.5 per cent., covered more than twice.

For the year to March 31, 1976, Cope Allman's profits were £1.62m. (£2.56m.) after a drop from £2.56m. (£2.00m.) to £1.62m. (£1.24m.) is retained.

BAT group reorganises

Following the merger of British-American Tobacco Co. with Tobacco Trust Company to form



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Seven directors leave Lehman Bros.

BY JAY PALMER

LEHMAN BROTHERS, one of the most prestigious investment banking houses, has announced a major shake-up in its Board of directors. Seven of the firm's existing 14-man Board will be stepping down to make way for four new "full time" younger appointees.

Mr. Peter Peterson, who is remaining chairman of the investment bank, stressed that none of the retiring directors

would be giving up their partnerships or withdrawing any capital from the privately owned firm. Those departing include some of Lehman's best known directors. Mr. George Ball, who served as Under Secretary of State to both Presidents Kennedy and Johnson, will leave the Board as will Mr. Alexander Abraham. Mr. Warren Hellman and Lehman's former President, Mr. Andrew Sage. Lehman's four new directors are Mr. Robert McCabe, William

NEW YORK, Sept. 30.

one of the leaders, it is also prominent in debt issues. It is probably best known on Wall Street as one of the big two or three commercial paper dealers. At the special Press conference, Mr. Peterson refused to reveal Lehman's profitability. However, noting that the firm's current capital exceeds \$50m, he added that profits for the year ending today "were significantly better than last year, the second best year in the firm's history." Wall Street gossip puts Lehman's 1974-75 profits at about \$28m.

## Aluminium boost for Sumitomo

By Douglas Ramsey

TOKYO, Sept. 30.

THE SUMITOMO GROUP is preparing to bolster its aluminium activities by transferring all its smelting facilities from Sumitomo Chemical to a new subsidiary, Sumitomo Aluminium Smelting. The decision was announced after an extraordinary shareholders' meeting.

The new subsidiary will in short order take over Sumitomo Chemical's smelting works at Nagoya, Toyama, Isaura and Kikumoto. These sites produce 314,000 tons of aluminium a year, and represent an estimated 17 per cent of Sumitomo's fixed assets.

The reorganisation takes in overseas smelting activities in which Sumitomo has stakes, and in particular the Asahan project in Indonesia. Sumitomo Chemical is joining a consortium of Japanese companies in their 40 per cent stake in the Yen 250m project for which Japanese government financing has recently been completed. Sumitomo also has stakes through its light smelters subsidiary, in the planned Albras mining, refining and smelting project in Brazil.

The announcement today that the new company will specialise in the manufacture and sale of aluminium and related products could mean that Sumitomo's foreign stakes may be dumped into its aluminium subsidiary's lap in order to sort out the rather haphazard but successful drive for foreign supplies.

## UNION CORPORATION

## Problems with Geduld

BY RICHARD ROLFE

UNION CORPORATION'S plans to buy up its industrial interests, which it wants to convert from strategic portfolio investments into subsidiaries principally by attempting to acquire three-quarters of the 76 per cent of Geduld Investments, does not own by means of a scheme of arrangement.

A controversial point which has arisen publicly this week is the position of Union's 41 per cent owned associate UCI, which like Union itself also owns 24 per cent of Geduld. Legally, there is no doubt that UCI which shares several common directors with Union is entitled to vote in favour of accepting Union's terms for Geduld. This means that Union could have a head start in its attempt to have the proposal accepted.

But many outsiders feel that regardless of the legal standing of UCI's Geduld shares, there is a strong moral obligation to vote. The Johannesburg Stock Exchange listings committee agrees. However, lacking the legal authority to virtually insist that its view is upheld, the committee has decided to accept the proposal.

Next week UCI has a meeting to approve the proposals immediately before the Geduld meeting. Everyone has assumed that UCI would ensure that UCI's shareholders would automatically be in favour of the proposals of the offer company as at the subsequent Geduld meeting.

## Philippines banking go-ahead

BY J. M. M. SUAREZ

THE PHILIPPINES today joined time it would allow those banks to deal in medium-term foreign currencies with foreign currency deposits. The Philippines International Bank, a subsidiary of the Philippine National Bank, has been granted a licence to deal in medium-term foreign currencies.

According to Finance Secretary Cesar Virata, since the Philippine government allowed Board still has to set forth the current accounts three years ago, the country had accumulated a total of US\$370m. in

While the President said the decree was to take effect immediately, the Philippine Monetary Board still has to set forth the current accounts three years ago, the country had accumulated a total of US\$370m. in

The decision to set up offshore banking in the Philippines, Mr. Marcos pointed out, would enable the local banking community to acquire new experience in currency trading which until today was administered exclusively by the Philippine Central Bank. At the same time it would allow those banks to deal in medium-term foreign currencies with foreign currency deposits.

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## Bourse inquiry for French BP

By Robert Mauthner

PARIS, Sept. 30.

THE FRENCH Bourse Commission today announced that it would conduct an inquiry into the rumours of a takeover bid for Société Française des Pétroles BP, the French arm of British Petroleum, which produced a sharp rise in BP share prices in Paris at the beginning of this week.

The rumours, it should be stressed, are endemic and are tied to the successive operating losses made by BP France over the past two or three years. They also lack consistency, since, according to some reports, it is the French state-controlled oil company Elf-Erap which is trying to get its hands on BP France, while other reports have it that the British parent company wants to take full control of its French subsidiary, in which it presently holds about 70 per cent.

Both rumours could be true, of course, because British Petroleum's move could merely be the first stage of an operation leading to a takeover of the French company by Elf-Erap.

Be that as it may, Elf-Erap has denied the reports, while BP France, though not putting out a formal denial which it feels would be tantamount to taking the rumours seriously, has let it be known off-the-record that they are without foundation.

The Bourse, while remaining suspicious, appears to have taken some notice of the denials because BP shares, which rose by as much as 6.5 per cent on Monday to Frs.75.50, have lost ground progressively in subsequent days and were today quoted in Paris at no more than Frs.63.20.

## DDSG loss

Due to the collapse of a Danube bridge at Vienna last month the Austrian Danube shipping company, DDSG, is expected to suffer a loss of Sch.77m. (\$2.6m.). Losses to the end of the year alone will total Sch.56m. with last revenues in freight traffic, according to Sch.53m. The Board of the State-owned company however stressed that "appropriate measures" had been taken to cope with the situation.

## German leasing

Deutsche Gesellschaft für Immobilien und Anlagen-Leasing (DIAL) announced in Düsseldorf yesterday that it was being set up by Deutsche Bank and Commerzbank with a DM10m. basic capital split equally between the two banks.

## Interim earnings slump at SKF

BY WILLIAM DUFFLORCE

STOCKHOLM, Sept. 30.

THE EARNINGS slump experienced by SKF, the Swedish bearings, steel and machine tools group, since the beginning of 1975 continued at an accelerated pace through the second four months of 1976. But the management is forecasting a reversal in the trend during the remainder of the year.

The pre-tax figure for the first eight months was Kr.133m. (£17.9m.) compared with Kr.143m. for the corresponding period last year. To this has been added an extraordinary net income of Kr.71m. from a tax rebate in West Germany, giving a total pre-tax profit of Kr.204m.

The management expects 1976 earnings as a whole, including this extraordinary income, to pass the Kr.300m. mark. This would imply a profit of close to Kr.100m. for the last four months compared with Kr.81m. for the second and Kr.72m. for the first four months periods.

Earnings per share for the eight months are put at Kr.0.63 against Kr.0.94 for the corresponding period of 1975. However, this figure is based on operating income after cost calculated depreciation, net financial expenses and taxes at 46 per cent.

SKF has decided to introduce new principles for calculating depreciation based on the estimated economic life of plant and property. Using this method, the earnings per share for the eight months come out at Kr.2.35, which the financial director considers is a more accurate indicator.

Group sales for the period rose by 4.4 per cent to Kr.4.56bn. (£600m.) but manufacturing costs rose from 67 to 72.3 per cent of turnover while sales and administrative costs rose from 14.9 to 16.1 per cent of turnover. The deterioration in profit was especially marked in the group's Swedish plants, which have

suffered from a sharp rise in costs. Particularly severe losses were sustained in the steel sector, where sales deteriorated from Kr.774m. to Kr.702m. over the eight-month period. Rolling bearings sales rose from Kr.3.56bn. to Kr.3.69bn.

Net financial expenditure was Kr.119m., an increase of Kr.21m. over the first eight months of 1975. Over the 12-month period to the end of August, net financial costs were Kr.176m. against Kr.155m., indicating that the group is maintaining a high level of borrowing. Capital expenditure during the eight months amounted to Kr.364m. against Kr.350m.

No figure is given for inventories, which advanced by almost Kr.1bn. during 1975. But a company spokesman said today that administrative costs had risen, a change in stock values since the beginning of 1976 and a small decrease in volume is expected before the end of the year.

## Montedison's losses persist

BY DOMINICK J. COYLE

ROME, Sept. 30.

MONTEDISON GROUP sales increased by 34 per cent in the eight months to August 31 (after a 29 per cent rise by the end of April) to lire 2,953bn., but the improvement was still not sufficient to bring the group to overall profitability.

Sig. Eugenio Cefis, Montedison's president, did not quantify annual operating losses in his latest report to shareholders. He said in Milan today, but as in his previous report last May pointed to costs rising faster than turnover.

The group had to meet higher costs for imported raw materials, increased labour charges and high interest rates, while at the same time being required to maintain fixed charges for some of its manufacturing range, notably fertilisers, pharmaceuticals and petroleum products. Sig. Cefis also pointed to what he called the requirement to maintain employment in the hard-pressed fibres sector.

The group was continuing with its planned investment programme aimed at rationalisation and an overall increase in productivity, but shareholders were warned—again without any specific figures—that this will inevitably increase Montedison's indebtedness.

Taken as a whole, Montedison was satisfied with the progress of its main foreign subsidiaries, although the group also reported a sharp sales rise on the domestic market for the pharmaceuticals sector. Generally, however, the implication in his report was that Montedison's performance in volume terms, at least notional, concept of Montedison as a private enterprise, the major State groups, ENI and IRI are, in fact, Montedison's largest shareholders.

Montedison's restructuring proposals, coupled with a request to the Government for a major injection of new capital, came in the middle of the general election campaign earlier this year and were generally ignored. However, the present minority Christian Democrat Government of Sig. Giulio Andreotti is now making some noises—and has promised concrete proposals—for dealing with the financial problems.

sharply, being respectively 43 per cent and 69 per cent higher over the corresponding eight months of last year, while sales of industrial products increased by 41 per cent.

The fibres sector obviously continued to be the group's main black spot, and Montedison has already asked the Government to consider giving this off and the troubled fertiliser division to the joint ENI-Montedison Consortium, while still continuing with performance in volume terms, at least notional, concept of Montedison as a private enterprise, the major State groups, ENI and IRI are, in fact, Montedison's largest shareholders.

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In value terms, the group's petrochemicals and plastic materials sectors have advanced

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## Sales no help to Snia Viscosa

BY DOMINICK J. COYLE

ROME, Sept. 29.

SNIA VISCOSA, the Italian fibres and engineering group in which Montedison has a major interest, reports a 36 per cent increase in overall sales in the first half of the current year but has pointed out that this is still insufficient to cover higher costs. A company statement confirms a continuing trading deficit but gives no specific figures.

Snia's 76 chemical fibres production units pushed up total sales by 48 per cent over corresponding period of last year.

But this reflected the decline in the sector overall when sales were then off by more than one-third over 1974 levels. In a breakdown of group sales, the company reports a 53 per cent increase in the chemical sector, marginally less for the textiles division, and industrial and engineering construction higher by almost 39 per cent.

Nevertheless, the group as a whole continues in deficit owing, said a spokesman, to an "imbalance" between costs and profits, the former represented in particular by increased labour charges, the higher cost of raw materials, and the high level of interest rates.

Snia Viscosa is currently revising its management and organisational structure with a view to increasing overall productivity, but like Montedison itself, is struggling even to maintain margins in the face of higher costs.

## Our Comparative Study

"The Dutch marine construction companies" Ballast Nedam, Bos Kals, Holl. Beton, Stevin Groep, Adriaan Volker is available upon demand.

## Kempen &amp; Cony

Kempergracht 570 Amsterdam Tel. (020) 24-4135 Telex 15659 (Kemo). Members of the Amsterdam Stock Exchange since 1903.

## GROUP LOTUS CAR COMPANIES LIMITED

GROUP LOTUS Car Companies Limited announce unaudited financial results for the 26 weeks ended 2nd July, 1976:

	First Half 1976	First Half 1975
Group Sales	£2,600,000	£1,995,000
Group Trading Profit/(Loss) before tax	£35,000	£(235,000)
Group Profit/(Loss) after tax	£17,000	£(118,000)

The loss position was arrested in early 1976 and the Company was able to show a small profit on the six months' operations.

Our car unit output was increased by 85% over 1975 and more than recouped our loss of engine sales with only a minimum number of extra staff.

We are now able to concentrate on capitalising on the completion of our five year replacement model programme and the expansion of our market to take advantage of this situation.



## EUROMARKETS

## Elect. Council lengthens terms

BY TONY HAWKINS

THE MATURITY of the Electricity Council's \$500m. Euro-market borrowing announced earlier in the week has been lengthened slightly to 5½ years from the five years originally expected.

Co-managers of the loan for which the lead manager is the Citicorp group are National Westminster Bank of Nova Scotia, Bankers Trust Company, Swiss Bank Corp and Westdeutsche Landesbank.

The Korean Development Bank is to raise a three-year 7m. Kuwaiti Dinar loan (about \$24m.) on an indicated coupon of 8½ per cent, with the issue price likely to show slight discount. The loan is being guaranteed by the Republic of Korea.

There are a number of firsts in this issue. It is the first public issue on the international

market by a Korean institution although there have been many bank loans and private placements in the past. It is also the first Dinar issue to be managed by a Kuwaiti commercial bank in the past investment bank.

Managers for the issue are the National Bank of Kuwait, Arab Investment Company and Kuhn, Loeb and Co. (Asia), Brokers to the issue are James Capel who also assisted in their negotiations.

South Korean companies have been very successful in bidding for construction contracts and in the Gulf area and the decision to raise such a loan in Kuwaiti currency implies that at least part of the funds will be used to help finance these operations.

In the Canadian dollar sector

of the market, two new issues have been announced. Canada Permanent Mortgage Corporation is to issue C\$25m. worth of five-year debentures carrying an indicated coupon of 9½ per cent. The issue price will be set towards the end of next week.

Chrysler Credit Canada, a wholly-owned subsidiary of Chrysler Financial Corporation is to offer C\$50m. of six-year notes through an international underwriting syndicate managed by First Boston (Europe). The indicated coupon is 9½ per cent and the price will be set in mid-October.

Meanwhile, the C\$30m. five-year note issue by General Motors Acceptance of Canada has been priced at 100½ on a coupon of 8 per cent.

The simultaneous offering of C\$30m. 12 year GMAC Canada bonds at 9½ per cent was priced at par.

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Country	Currency	Value of DLR	Country	Currency	Value of DLR
Algeria	Dinar	100.00	Belgium	Franc	100.00
Argentina	Peso	100.00	Brazil	Cruzado	100.00
Australia	Dollar	100.00	Canada	Dollar	100.00
Belgium	Franc	100.00	Denmark	Krone	100.00
Brazil	Cruzado	100.00	France	Franc	100.00
Canada	Dollar	100.00	Germany	Mark	100.00
Denmark	Krone	100.00	Greece	Drachma	100.00
France	Franc	100.00	India	Rupee	100.00
Germany	Mark	100.00	Indonesia	Rupiah	100.00
Greece	Drachma	100.00	Italy	Lira	100.00
India	Rupee	100.00	Japan	Yen	100.00
Indonesia	Rupiah	100.00	Korea	Won	100.00
Italy	Lira	100.00	Malaysia	Ringgit	100.00
Japan	Yen	100.00	Mexico	Peso	100.00
Korea	Won	100.00	Netherlands	Guilder	100.00
Malaysia	Ringgit	100.00	New Zealand	Dollar	100.00
Mexico	Peso	100.00	Norway	Krone	100.00
Netherlands	Guilder	100.00	Portugal	Escudo	100.00
New Zealand	Dollar	100.00	Spain	Peseta	100.00
Norway	Krone	100.00	Sweden	Krona	100.00
Portugal	Escudo	100.00	Switzerland	Franc	100.00
Spain	Peseta	100.00	Taiwan	New Taiwan Dollar	100.00
Sweden	Krona	100.00	Thailand	Baht	100.00
Switzerland	Franc	100.00	Turkey	Lira	100.00
Taiwan	New Taiwan Dollar	100.00	U.K.	Pound	100.00
Thailand	Baht	100.00	U.S.A.	Dollar	100.00
Turkey	Lira	100.00	Yugoslavia	Dinar	100.00
U.K.	Pound	100.00			
U.S.A.	Dollar	100.00			
Yugoslavia	Dinar	100.00			

## BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

## World Value of the Dollar

The table below gives the latest available rates of exchange of the U.S. dollar against various currencies as on Wednesday, September 29. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.S. dollars, which are quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America Eurodollar Libor as of September 30 at 11.00 a.m. 3 months: 5½ 6 months: 6½

SDRI=US\$1.15423

Country	Currency	Value of DLR	Country	Currency	Value of DLR
Algeria	Dinar	100.00	Belgium	Franc	100.00
Argentina	Peso	100.00	Brazil	Cruzado	100.00
Australia	Dollar	100.00	Canada	Dollar	100.00
Belgium	Franc	100.00	Denmark	Krone	100.00
Brazil	Cruzado	100.00	France	Franc	100.00
Canada	Dollar	100.00	Germany	Mark	100.00
Denmark	Krone	100.00	Greece	Drachma	100.00
France	Franc	100.00	India	Rupee	100.00
Germany	Mark	100.00	Indonesia	Rupiah	100.00
Greece	Drachma	100.00	Italy	Lira	100.00
India	Rupee	100.00	Japan	Yen	100.00
Indonesia	Rupiah	100.00	Korea	Won	100.00

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It's the range of information and the quality of the services that makes Chase unique among multinational

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He's the man who coordinates the wealth of resources Chase offers you.

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He's the Chase specialist in your business. Whatever your plans, he'll be there. Keeping you informed.

It takes Chase.

**CHASE**



# Granite Overseas Corporation N.V.

(Incorporated in the Netherlands Antilles with Limited Liability)

Meeting of Holders of \$14,865,000 6 1/4 per cent. 15 year Convertible Bonds of 1969

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the \$14,865,000 6 1/4 per cent. 15 year Convertible Bonds of 1969 of the above Company will be held at Winchester House, 100 Old Broad Street, London, E.C.2 on Thursday, October 28, 1976 at 3 P.M. when the following resolutions will be proposed as Extraordinary Resolutions within the meaning of the Trust Deed dated 26th March, 1969 constituting the said Bonds:—

## EXTRAORDINARY RESOLUTIONS

1. "That, subject to the following condition having been satisfied on or before November 26, 1976, namely:—

the offer to the holders of the outstanding \$13,680,000 6 per cent. Convertible Subordinated Debentures, due 1987 ("the Debentures") of Midland Resources, Inc. ("the Guarantor") to exchange each \$1,000 principal amount of the Debentures for 400 shares of the Common Stock, par value \$0.50 per share, of the Guarantor ("the Exchange Offer") being accepted by the holders of at least 70 per cent. in principal amount of the Debentures and the Exchange Offer otherwise becoming unconditional and effective, except for the passing of this and the next following Extraordinary Resolution.

This meeting of the holders of the 6 1/4 per cent. 15 year Convertible Bonds of 1969 ("the Bonds") of Granite Overseas Corporation N.V. ("the Corporation") constituted by a Trust Deed ("the Trust Deed") dated 26th March, 1969 made between the Corporation, the Guarantor (then named "Granite Equipment Leasing Corp.") and Schroder Executor & Trustee Company Limited ("the Trustee") as trustee for the holders of the Bonds ("the Bondholders"), pursuant to paragraph 14 of Schedule 2 to the Trust Deed, hereby:—

(1) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Bondholders against the Corporation and sanctions the compromise or arrangement between the Corporation, the Guarantor and the Bondholders involved in or proposed to be effected by the substitution of the Guarantor for the Corporation as "the Company" as defined by the Trust Deed to the intent that the Guarantor should assume all the obligations of the Corporation thereunder in accordance with the terms of the draft Supplemental Trust Deed produced to the meeting;

(2) approves the said substitution; and

(3) assents to the modifications of the provisions in the Trust Deed proposed to be effected by the said draft Supplemental Trust Deed and authorises and empowers the Trustee to concur in, execute and deliver a Supplemental Trust Deed in the form of the said draft and execute and do all such other deeds, instruments, acts and things as may be necessary to give effect to this Resolution and the said substitution."

2. "That subject to the preceding Extraordinary Resolution becoming unconditional and effective and the execution of the said Supplemental Trust Deed, this meeting of the holders of the Bonds pursuant to paragraph 14 of Schedule 2 of the Trust Deed, hereby:—

(1) agrees to waive all rights against the Guarantor in respect of the interest on the Bonds due for payment on 1st April, 1976 and otherwise accruing since 1st October, 1975;

(2) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Bondholders against the Guarantor involved in or proposed to be effected by the redemption and cancellation of the Bonds in exchange for 400 shares of Common Stock (in registered form), par value \$0.50 per share, of the Guarantor credited as fully paid for each \$1,000 nominal amount of the Bonds;

(3) approves the said cancellation and exchange; and

(4) authorises and empowers the Trustee to concur in, execute and do all such deeds, instruments, acts and things as may be necessary to give effect to this Resolution and the said exchange, and, upon payment to the Trustee of all monies payable to the Trustee pursuant to the Trust Deed in respect of remuneration, costs, liabilities and expenses and upon the Trustee being satisfied as to the arrangements for the issue by the Guarantor of the said registered Common Stock in exchange for the Bonds, to release the Corporation and the Guarantor from all liability in respect of the Bonds and interest thereon and all other liabilities of the Guarantor under the Trust Deed and the Trustee shall thereafter be released and discharged from all liability in respect of the Bonds under the provisions of the Trust Deed."

The above Extraordinary Resolutions are proposed in connection with a reorganisation of the Guarantor, details of which are given in a Registration Statement of the Guarantor declared effective by the Securities and Exchange Commission of the United States of America on August 27, 1976, a copy whereof (together with a draft, subject to modifications, of the Supplemental Trust Deed referred to in the above Resolutions) can be seen at any of the following offices:—

Schroder Executor & Trustee Company Limited  
Citibank N.A.

120 Cheapside,  
London, E.C.2.  
Corporate Trust Office,  
111 Wall Street,  
New York, N.Y. 10015.

Citibank N.A.

Citibank N.A.

Citibank N.A.

Citibank N.A.

Banca Commerciale Italiana

Dresdner Bank AG

Banque Internationale a  
Luxembourg S.A.

Citibank House, 336 Strand,  
London, W.C.2.

Herengracht 545-549,  
Amsterdam, Holland.

Rue Cardinal Mercier, 8,  
1000 Brussels, Belgium.

60 Avenue des Champs-Élysées,  
75361 Paris, France.

6 Piazza della Scala,  
Milan.

7 Gallusanlage,  
6 Frankfurt (Main),  
Germany

2 Boulevard Royal,  
Luxembourg.

A copy of the above-mentioned Registration Statement, as amended, will be made available for inspection by any Bondholder upon request to any of the above offices and can also be obtained from the office of the Securities and Exchange Commission, 500 North Capitol Street, Washington, D. C. 20549.

The Corporation has been advised that it is necessary to request the Bondholders to pass the above two Extraordinary Resolutions, rather than a single Resolution, in order to facilitate receipt of certain tax rulings from the United States Internal Revenue Service.

The Securities Division of the American Stock Exchange has made a determination to delist the Common Stock of the Guarantor, which is appealing against such determination; unless reversed on appeal, the Common Stock will be delisted. As a consequence, the Stock Exchange in London has temporarily suspended from 8th March, 1976 the listing of the Bonds on The Stock Exchange.

In order to vote at the Meeting, Bondholders must deposit their Bonds at one of the above-named offices not less than 48 hours before the time appointed for holding the Meeting and obtain a Memorandum of such deposit (signed by an official of the Trustee or of any such Bank) which must be produced at the Meeting by the Bondholder attending the Meeting. The Bonds so deposited will be retained and will not be returned to the depositor in the event of the said Resolutions being duly passed and becoming unconditional (notice of which event will be published in this newspaper). After publication of such notice, the Bondholder who has deposited his Bonds, or such other person as he may have designated in writing, will be entered in the register of the shares of Common Stock of the Guarantor as the holder of the number of such shares to be issued in respect of the deposited Bonds in accordance with the second of the said Resolutions and a registered certificate therefor will be posted, at his risk, within 28 days thereafter to the person and address notified for registration of the said shares. The said notice as to the passing of the said Resolutions will include appropriate instructions to those Bondholders who have not already lodged their Bonds regarding the deposit of the same at one of the said offices so as to obtain a registered certificate for the shares of Common Stock to which they, or their nominees, will then be entitled.

In the event of the first of the said Resolutions not being passed or not becoming unconditional on or before November 26, 1976, a notice will similarly be published requesting the Bondholders who have deposited their Bonds to surrender the Receipt for the Bonds in order to obtain their return.

The quorum for the Meeting is holders present in person or a clear majority in nominal amount of the Bonds. If such quorum is not present at the Meeting, it will be adjourned for such period not being less than 28 days as may be appointed by the Chairman of the Meeting and at such adjourned Meeting the Bondholders present, whatever the amount of the Bonds held by them, will form a quorum. Notice will be published in this newspaper of any adjourned Meeting.

In order to avoid the need to hold an adjourned Meeting, Bondholders are strongly urged by the Corporation and the Guarantor to arrange for their Bonds to be represented at the Meeting. If you are in any doubt as to the procedure to be adopted you should consult a Paying Agent, your Bankers or your other professional advisers without delay.

At the above-mentioned Meeting of the Bondholders, the passing of each Extraordinary Resolution requires a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or, if a poll be duly demanded, then by a majority consisting of not less than three-fourths of the votes given on such poll. If duly passed, the Resolutions will be binding upon all Bondholders whether present or not present at such Meeting.

By Order of the Board,

Stephen L. Bernstein, Director.

October 1, 1976

Registered Office:  
6 John B. Gorsiraweg, Willemstad, Curacao, Netherlands Antilles.

KLM

## A turn for the better

BY MICHAEL VAN OS

AMSTERDAM, Sept. 30.

WHILE HOPES expressed by KLM Royal Dutch Airlines in mid-1973 that it could return to profits in 1973/74 were dashed soon afterwards by the effects of the oil crisis on the world aviation industry, the airline's confident forecast of "modest profits" in the current year ending March 31, 1977, appears to be fully justified.

Such an upturn is badly needed by the National Dutch carrier whose losses in the past five consecutive years have totalled around Fl.280m.

The airline has had a remarkably good start this year. For the first time since 1971, KLM has made a first quarter profit in the financial year 1976-77 of Fl.20.8m, compared with a Fl.21.7m. The load factor rose to 54.1 per cent. from 50.6 per cent.

### Familiar

Many of KLM's recent problems are familiar—stagnation of traffic growth because of the economic slump, inflationary cost rises and changes in the exchange rates.

The airline has had some extra disadvantages. Its home base is a hard-currency country, which affects the whole Dutch export industry, while wage rises have been exceeding productivity for a number of years.

Second, the airline has a relatively small European network. Other European carriers such as SAS, Swissair and Lufthansa, KLM officials are quick to point out, have a comparatively larger European network which has contributed substantially to their results.

Optimism for the current year is based on signs of an improvement in the world economy, the limited capacity expansion on international routes and the company's continued efforts to cut-back costs still further.

A further optimistic indication was given earlier this month by KLM president Mr. Sergio Orlandini. He said in an interview that second-quarter figures, which are due out in a few weeks, had also been "favourable." But he cautioned that much would depend on the final quarter, traditionally the airline's most difficult period.

The Dutch carrier's policies have become more cautious in the past few years. This is reflected in KLM's new estimates of a 7 per cent. traffic growth, whereas IATA officials expected

growth of 8.5 per cent. KLM's estimates are also based on a recovery in freight growth which is important for the carrier, providing 22 per cent. of its total profits. Thanks to this side of the business its load factor is a couple of percentage points higher than that of the industry.

It is hoped to push up the load factor from 54 per cent. to 56 per cent. this year, and a 60 per cent. figure is the ultimate aim.

Barring unforeseen circumstances, most observers agree that the airline's optimism about a continued profit recovery in the next few years is justified.

Such areas as technical maintenance, station handling, catering and automation.

The airline is thought to participate to up to Fl.25m. in the share capitals of 23 hotels in Holland and elsewhere in the world. Though some improvements in this loss-making sector have been made, the airline intends to reduce its stake here whenever commercially possible.

For obvious reasons, the Dutch carrier wants to continue its strong involvement in the domestic tourist and travel industry, brought together long ago in the large Holland

Orlandini has stressed at the recent AGM that when, and circumstances made it possible, the State interest in KLM may drop back to 50.5 per cent. in the coming years.

At a speech in Rotterdam, November, 1975, he underlined that in future the Government stressed this again, saying approved to recent capital injection—the company would need to achieve a "reasonable" return on invested capital, including the State part.

"It will in future have to attract funds again from the regular capital market. This is necessary for the continuing modernisation, growth and safeguard for employment," he marked.

According to the annual report, the balance of accumulated loss on the balance sheet of Fl.111m. extended to the paid-up part of the share of Fl.10.2m. After Government legislation in 1975, Fl.20.8m. 5 per cent. Preference shares were placed with the Government and the amount for the State guarantee for KLM's losses was increased to Fl.200m. to Fl.400m.

Discussing the possible merger between the airlines of Sabena, Luxembourg (Luxair) and KLM to form a joint company, KLM's president Orlandini has never been more outspoken than in a recent interview in a popular weekly. "We are ready to co-operate, but we see nothing in a merger at all," he stated.

### Merger

The conclusion of a report by the McKinsey company on the plans of the transport ministers in the Benelux countries was the widely expected result of the merger between the three airlines offered the best chance of sustained improvement. But the basic message was also that KLM would soon be back on the road to profit if left to its own devices and Luxair would cruise along at break-even point.

The recent 1975-76 annual report shows that the company is in a healthy financial position despite the heavy losses in the past. It owes this to a large extent to its financial link with the Government. Following a major capital injection, the size of the State shareholding in KLM has risen from nearly 70 per cent. to 75 per cent.

But although the company at times receives valuable assistance from the Government, KLM is run as a fully-independent private company. Its shares are quoted in New York, Brussels and in three West German financial centres, besides Amsterdam.

The airline president Mr.

## Wheelock sales admitted

BY PHILIP BOWRING

HONG KONG, Sept. 30.

DIRECTORS OF Wheelock and an announcement in March Marden have admitted in a circular to shareholders that the company had incurred a "significant" loss in the year ended March 31, 1976. The circular also admitted that the company had incurred a "significant" loss in the year ended March 31, 1976. The circular also admitted that the company had incurred a "significant" loss in the year ended March 31, 1976.

The sales were made between the publication last September of a reasonably optimistic forecast for the year to March, 1976.

The group's accounting policy

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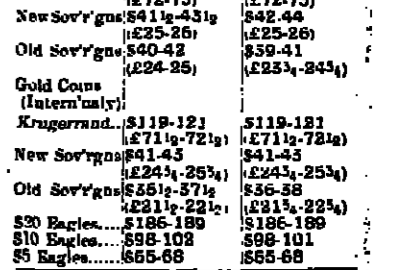
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# Mostly lower after early hesitancy      Pound erratic

NEW York, Sept. 30.

Afternoon's trading	\$69.613,	£70.202
	\$116.00,	\$116.20
	£68.986,	£69.748
Gold Coins		
domestically		



er	Brussels	9	62.50-64.25	62.50-62.75
ke	Copenhagen	9	9.75-9.98	9.75-9.74 1/2
to	Frankfurt	3 1/2	4.04-4.15	4.04 1/2-4.05 1/2
is	Lisbon	6 1/2	51.50-52.25	51.50-51.50 1/2
	Madrid	7	112.50-115.50	112.50-112.50 1/2
	Milan	12	1.424-1.455	1.425-1.425 1/2

	Sept. 28	Sept. 28
One SDR	0.699328	0.694451
One dollar =	1.15423	1.15385
Deutsche mark	2.34287	2.34287
Japanese yen	5.67923	5.68646
French franc	6.55957	6.55957
Italian lire	581.941	331.725
Dutch guilder	2.96755	2.97111
Swedish krona	4.75620	4.75727
Swiss franc	2.84564	2.84706

Values are for currencies against the dollar as calculated by the International Monetary Fund.

	Sept. 28	Sept. 28
Delo	5	8.92-9.0a
Paris	10	1.19-1.3c
London	7	7.48-7.5c
Tokyo	6 1/2	475-490
Yokohama	2	28.5-29.48
Yokohama	2	4.45-4.50-4.55

\* Basic discount. † Rates given are for convertible franc; financial franc 64.52-64.45.

### OTHER MARKETS

	Sept. 28	Sept. 28
Australia	245.29-255.43	245-255
Argentina	1,515.1-1,565.0	1,475-1,525

# TES

	Brussels	London	Amsterdam	Zurich
100	1,407.485	8,115.345	94.50-75	95.45-60
100	6,432.525-50	4,088.67	32.40-85	40.75-70
100	13,747.158	8,215.165	191.50-80	201.50-80
100	14,632.67	63.25-67	14.62-67	15.37-62
100	82.50-75	—	4.25-85	—
100	6,832.537	2,444.348	—	105.32-42
100	8,472.524	4,086.123	56.30-60	—

U.S. \$ = 67.25 U.S. Canadian cents.  
 100 U.S. cents. U.S. \$ in Milan 859.70-980.50  
 in 1,454.15-1,454.90.

## REST RATES\*

Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
814-854	15-18	4-5 1/2	14-16
834-854	15-18	4-5 1/2	34-1
874-894	15-18	4-5 1/2	134-112
914-934	1414-1434	454-44	214-234
954-994	1214-1212	5-8 1/2	2-2 1/2
1000-1000	10-12 1/2	5-5 1/2	2-2 1/2

90-91 per cent. seven-day 90-91 per cent.  
 114-111 per cent. six-month 112-121

75 per cent. three years 77-78 per cent.  
 83 per cent.

quoted for London dollar certificates on  
 three-month 94-94 per cent.; six-month 54-54

U.S. dollar and Canadian dollars: two  
 cents.

Finland	6.46-4.48	Finland	—
Greece	80.50-82.188	Canada	1.58-65
Hong Kong	4.125-5.165	Germany	12.85-10.05
India	115-117	France	8.25-8.40
Kuwait	4.408-4.498	Germany	4.05-4.20
Luxemburg	12.85-12.75	Greece	30-35
Malaya	1.21-1.25	France	100-100
N. Zealand	7.287-7.175	Japan	4.00-4.50
South Africa	3.75-5.07	Netherlands	4.20-4.40
Switzerland	4.03-4.110	Spain	8.85-8.85
S. Africa	1.427-1.4680	Portugal	514-514
U.S. cents	—	Spain	116-116
U.S. cents	—	Spain	106-106
U.S. cents	—	Spain	167-170
U.S. cents	102.71-102.74	Uganda	1012-6514

\* Basic discount. † Given rates are for  
 dealers. \* Rate given is Official Rate  
 BCRA rate 410-410 25.

## FORWARD RATES

One Month	Three months
New York 1.85-1.75 c.p.m	4.85-4.55 c.p.m.
Montreal 1.30-1.20 c.p.m	4.00-4.00 c.p.m
Amst./Lan 1 c.p.m-p.m	5-2 c.p.m
Buenos Aires 1.25-2 c.p.m	25-48 c.d.s
Calcutta 1.25-2 c.p.m	12-12 c.p.m
Frankfurt 5-4 c.p.m	14-12 c.p.m
Labor 20 c.p.m-10 c.d.s	100-100 c.p.m
Madrid 180-180 c.p.m	400-500 c.p.m
Milano 105-105 c.p.m	47-53 lire c.d.s
Oslo 1214-1214 c.p.m	400-500 lire c.d.s
Paris 2-2 c.p.m	914-914 c.p.m
Rio 10-10 c.p.m	514-514 lire c.d.s
Vladivostok 25-25 c.p.m	74-64 c.p.m
Zurich 614-514 c.p.m	14-154 c.p.m

\* Basic discount. † Given rates are for  
 dealers. \* Rate given is Official Rate  
 BCRA rate 410-410 25.

Slia-month forward U.S. dollar 8.55-53c  
 pm, and 12-month 14.70-14.60c pm.

## AUSTRALIA

Sept. 30	Aug. 31	+ or -
1.770	1.770	0.00

## BAZIL

Price Cruz	+ or - Ytd Cruz
September 29	5.60
January 29	5.60
March 29	5.60
May 29	5.60
July 29	5.60
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## LIGHT-SERVIÇOS DE ELETRICIDADE S.A.

U.S. \$ 100,000,000

Medium Term Loan

Unconditionally Guaranteed by

THE FEDERATIVE REPUBLIC OF BRAZIL

Managed by

WESTDEUTSCHE LANDESBANK  
GIROZENTRALE

SWISS BANK CORPORATION

LIBRA BANK LIMITED

BANK OF SCOTLAND

Co-Managed by

ORION BANK LIMITED

RBC FINANCE B.V.

EUROPEAN BRAZILIAN BANK LIMITED  
-EUROBraz-

NATIONAL WESTMINSTER BANK LIMITED

Provided by

Andresens Bank International S.A.

Banca del Gottardo

Bank of Montreal International Limited

Bank of Scotland

Banque Canadienne Nationale

Banque Nordeurope S.A.

The Chase Manhattan Bank, N.A.

Credito Italiano, London

Européan Arab Bank (Brussels) S.A.

European Brazilian Bank Limited

-Eurobraz-

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

The Hong Kong and Shanghai Banking Corporation

Industrial National Bank of Rhode Island

International Commercial Bank Limited

International Energy Bank Limited

Kreditbank N.V.

Landesbank Schleswig-Holstein Girozentrale

Libra Bank Limited

London Interstate Bank Limited

Merck, Finck & Co.

National Westminster Bank Group

Orion Bank Limited

RBC Finance B.V.

The Royal Bank of Canada International Limited

(Nassau)

Swiss Bank Corporation (Overseas) S.A.,

Panama

Toronto Dominion Bank

Union de Banques Arabes et Européennes -

U.B.A.E. Société Anonyme

WestLB International S.A.

Agent

WESTLB INTERNATIONAL S.A.

## CLOTH VERSUS PLASTIC

# Cooling down the car seats

BY RHYS DAVID

THE HOT long summer has proved to be an effective sales boost for seat fabrics for cars—one of the most buoyant sectors of the textiles industry in recent years. The coolness of fabrics compared with pvc when you climb into a baking hot car has underlined the advantage of this "extra."

But even before the sun did its part the trend was already firmly under way. The total market in the U.K. for car seat coverings of all types is about 7m. sq. metres, and from an insignificant proportion only five years ago, confined mainly to luxury cars, the textile industry is expecting sales this year of around 1.5-2m. sq. metres. In the model year coming up more than half of all new models are expected to contain textile fabric in some part at least of the seat, and by 1980 it is thought likely that all cars will be offered with textile upholstery as standard.

For cost reasons pvc may be retained in the form of panels where there is only partial contact between driver and seat, and the rear of the front seat—facing the back passengers—is likely also to remain of pvc. This apart, however, the battle for the interior, trim of cars looks to have been all but won by textiles.

The success of fabric in getting into cars in such a short time despite a cost of £3-£4 per metre—roughly double that of pvc—has owed a lot to its superior comfort, but it has also been helped by trends within car manufacturing itself. The rise of fabric has coincided with the dramatic rationalisation of marques in Europe, with famous names disappearing. The leading manufacturers who have remained have concentrated on a handful of models, offered with a variety of different engines and trimmings.

Fabric was introduced originally into the GL and GT versions to give them an edge—along with twin headlights—over their more basic brothers. The process has moved on since those earlier days, however, and fabric is now used at the Alfreton, Nottinghamshire, lower end of the more expensive range and in the small cars in the different manufacturers' ranges. Fabric is Congleton, part of Tootal, a big available in the Vauxhall Chevette and will also be in Vitatex, an independent Slough-based warp-knitter. Both these small Chrysler, possibly to be

called the Scamp. It will no doubt also be found in the new Leyland Mini when this appears. Higher up in the model-ranges newer and more exciting fabrics will be used to tempt buyers, unable to tell the difference from the outside between many of the new European cars now on offer. Printed and patterned textiles giving the car more of the appearance internally of the home can be expected to make their mark soon.

The movement to fabric has caught up all the leading European car manufacturers, though the pace of development has differed from company to company. British Leyland was among the first to introduce fabric into the mass market in the U.K., but has since proceeded more slowly than some of its rivals in moving away from pvc. The European manufacturers on the Continent have also been using fabric for a long time but in most cases to lower standards of specification than have been stipulated in Britain. The big U.S. companies, and Ford in particular, are now using fabric across a large part of their range and are adopting very high standards everywhere in Europe.

## Fibres

But while fabric is an important new focus of marketing rivalry for the big motor manufacturers, competition within the textile industry to supply the fabric has also sharpened, and a subsidiary battle between types of fibre and between knitted, woven, and non-woven materials is also under way.

The market is currently dominated in Britain by warp-knit foam laminated nylon with Jersey Kapwood, part of Carrington Viyella, holding more than half total sales. Carrington Viyella is a major supplier to Ford in both the U.K. and Germany and to other car manufacturers, and is planning major extensions to capacity at its Alfreton, Nottinghamshire, plant.

Other major producers in the U.K. are Condura Fabrics, of Congleton, part of Tootal, a big supplier to British Leyland, and Vitatex, an independent Slough-based warp-knitter. Both these companies hold around 15-20

per cent. of the market. Vitatex is supplying Ford, again in the U.K. and Germany, and has broken into the difficult French market with sales to Citroën. The rest of the market is held by Courtaulds through three subsidiaries, Derby Nylas, Westcourt, and Fursebrook, with Sperrin Textiles, of Northern Ireland, also a producer.

For the warp-knitters, car fabrics represent a growing market to take up the slack left by the decline in some other areas of business in recent years, and a market, too, with a high degree of value-added. Furthermore, because of the prolonged development work which has had to take place with the main manufacturers it offers a degree of stability not present in other textile markets. The technical sophistication of the product means that there is little likelihood of competition from imports or small-scale producers. Courtaulds itself, despite its size, has had to struggle to establish a foothold in the market against the existing suppliers.

The next few years are, nevertheless, likely to provide evidence of the degree to which warp-knits can consolidate their hold on 90 per cent. plus of the wovens.

Woven fabric has been used by British Leyland in its Princess range and is also going into the Chevette. Ford is planning to use a woven fabric in the Fiesta, though so far only German suppliers have been lined up, and Westcourt say they are now having talks with two Continental manufacturers, Simca and Opel as well as with the leading U.K. manufacturers.

The main advantage of using woven materials is that it opens up increased patterning possibilities, though the warp-knitters hope to match woven designs with prints. A woven fabric, however, lacks the stretch characteristics of a warp-knit fabric, a factor which has to be taken into account in seat manufacturing. As a result it could be that the woven fabric will often be the choice of the interior designer with the seating engineer giving his backing to the warp-knit. Against this there are possible extra comfort advantages to be gained from using a woven fabric. Whereas the warp-knit has to be foam-backed to provide stability this is not necessary with a woven

incorporate breathability, the lower end of the market both wovens and warp-knits could be challenged by woven fabrics which are expected to be used by Chrysler in its new small car.

In terms of fibre type the market is at present almost entirely dominated in the U.K. by nylon. Polyester has a very small share of the market, with Jaguar for example using it. Though polyester may increase its market at the expense of nylon, particularly if there is a big increase in the use of woven materials, nylon is nevertheless expected to remain the dominant fibre in use.

Some levelling out of the very rapid growth in demand for fabric in the U.K. is now expected within the next two or three years as the motor industry approaches saturation. Most of the U.K. manufacturers are now seeking to win a share of Continental markets, however, and although Continental motor manufacturers are unlikely to continue to rely on a domestic source of supply, the bulk of their requirements would be surprising if fabric producers failed to make further inroads. A number of companies are also talking to the Japanese because of the importance in European and world car markets.

## Trucks

The textile industry has eyes too on other parts of the car, apart from the seats, when on other transport markets. With the car manufacturers convinced that the public now looks at the inside as well as the outside of the car before buying, it is expected more manufacturers will follow Ford's example, the Granada Ghia in fabric headlinings, fabric glove compartments and parcel shelves.

There is also the truck market where the very long hauls done by many drivers during long loads across continents led to the introduction of beds and curtains into the vehicle which double up as sleeping quarters. General Motors, which has had fabric seats in some of its transcontinental trucks for some time, is to follow suit with some of its shorter haul heavy trucks—a move the textile industry hopes will be followed widely.

## APPOINTMENTS

# Five new directors for IC (Holdings)

INTERNATIONAL COMPUTERS (HOLDINGS) has appointed five new directors. Three of the appointments are non-executive. They are Professor Gordon Black, Professor of Computation and Director of the Regional Computing Centre at the University of Manchester; Mr. J. R. Hendin, assistant managing director of Vickers; and Mr. T. G. P. Rogers, personnel director, Plessey Company.

The remaining two new Board members are executive directors of International Computers Limited, namely Mr. P. V. Ellis, marketing director and Mr. C. M. Stuart, finance director. Mr. T. C. Hudson has resigned from the Board of Plessey. Present appointees of that company to the Board of IC (Holdings) under its Articles of Association are Sir John Clark and Mr. T. G. P. Rogers.

Mr. R. A. Fireman, Mr. D. A. Roberts and Mr. H. S. Lewis have been appointed to the Board of CHARTERHOUSE JAPHET, merchant bankers.

Mr. M. J. Calver has joined the Board of WOODALL-DUCKHAM, a member of the Babcock Power and Process Engineering Group, as director responsible for project and general engineering.

Mr. David J. Christopher has been appointed sales director of CABOT CARBON.

Mr. R. R. Anderson has become marketing director of the DEPNORTH IRON COMPANY in place of Mr. G. B. Swift, who at his own request has resigned his Board duties but will continue working with the company.

Mr. Erik Beelaerts van Blokland, at present joint managing director of PIERSON, HELDRING AND PIERSON (U.K.), is returning to Amsterdam to take up an appointment in the merchant banking division of PIERSON, HELDRING AND PIERSON NV with the title of manager. Baron van Teyll van Serooskerken will remain as manager in London.

Mr. E. Brian Gould has become chief executive of the REDMAN HEENAN INTERNATIONAL group. Mr. Angus Murray remains as chairman.

Mr. Tom Bailey, chief executive of the steel division of LANE AND ELLIOT and Mr. Arnold Reed, divisional chief executive of the valve division, have been appointed directors of the company.

Mr. L. Macfarlane has been appointed sales director of WESTON-TURNER (PAREX) and WESTON-EVANS AND CO., members of the Weston-Evans Group.

Mr. George McFether has been appointed managing director of OVEZ SERVICES, a member of the Solicitors' Law Stationery and Society group. He was previously

director-general manager of the company.

Mr. T. Carlie has been appointed to the Board of CHUBB AND SON as a non-executive director from October 15. He is group managing director of Babcock and Wilcox.

Mr. S. Day has been appointed chairman and Mr. E. W. Tandy, managing director of HAWLEY AND JOHNSON.

Mr. Julian Rower has been appointed a director of the corporate finance division of AMEX BANK, the London-based merchant banking subsidiary of American Express Company.

Mr. E. J. Reresch and Mr. A. C. Killick have been appointed deputy directors of WILLIAMS AND GYNS BANK in the international banking division from October 1.

Mr. N. Koonman, technical director of the Philips group of companies in the U.K. for the past five years, will be retiring from that position and as a director of PHILIPS INDUSTRIES from tomorrow. He will be succeeded by Mr. M. Kullman, formerly technical director of the Philips activities in Brazil. Mr. Kullman has joined the Board of Philips Industries.

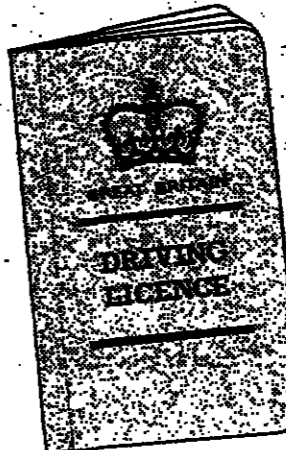
After 20 years as director of the BRITISH NON-FERROUS METALS FEDERATION and as chief executive of the Secretariat serving the International Wrought Copper Council, Mr. Kaye-Romer-Lee is retiring. His place will be taken on October 1 by Mr. Irvine Benson, until recently commercial director of the British Paper and Board Industry Federation and formerly member of the Diplomatic Service.

Mr. R. S. Brocklehurst has been appointed company secretary and deputy managing director of G. PERRY AND SONS, a member of the Weir Group.

Mr. H. Norris, Mr. D. R. L. Hankinson, Mr. C. E. Adams and Mr. H. A. Monteth have joined the Board of W. W. HALL following its acquisition by George Wimpey and Co. Mr. H. W. Hall (chairman and joint managing), Mr. A. R. Hendricks (joint managing), Mr. R. W. Hall and Mr. J. D. Akken continue as directors.

Mr. John R. Jeffery has been appointed marketing director on the executive Board of the industrial electronics operations of EMI. He was previously with Metals Research and for the last five years was resident in New York as marketing and sales manager of Image Analysing Computers Inc., its U.S. subsidiary. Mr. I. G. Hannah and Mr. R. L. Brack have joined the Board of EMI HOTELS AND RESTAURANTS. Mr. Hannah became managing director of the hotels division in 1971 and Mr. Brack was appointed finance controller of EMI Hotels and Restaurants last year.

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## CAYMAN ISLANDS II

# Recession demonstrates economic vulnerability

IF NOTHING else the recession in the Caymans' economy which really began to hit hardest with the failure of the Interbank group at the end of 1974, has taught the islanders, and their Government, just how vulnerable their standard of living is.

There are as yet no reliable indicators of the course of the Gross Domestic Product in 1975 and 1976, but there are plenty of straws of information which would suggest that in 1975 the economy at best stagnated, and this year there is probably a decline (in real terms) of the islands' production.

One of the side effects of this reversal which is undoubtedly beneficial is the marked reduction in the rate of inflation. Through most of the decade inflation has been running around 15 per cent., but as the recession hit and unemployment,

especially among the construction industry workers appeared (the impact was mitigated by the return of some labourers to their native Jamaica) inflation rose to 18 per cent., bringing hardship to some.

So far in 1976 the rate of inflation has subsided dramatically to between 6 and 8 per cent., no doubt in part a reflection of the close links the economy has with the U.S. The Cayman \$ is tied to the U.S. \$ for exchange rate valuation.

One of the first effects of the recession, however, before the fall in the inflation rate could be felt, was to push the Government into a deficit on its recurrent expenditure. In 1974, recurrent expenditure had risen by some 70 per cent. in large part reflecting inflation of Government salaries. By 1975, however, the Government's duties, which had been close to half the Government's revenue, were threatening for some years to revenue of \$C19m. (about

be left behind by its outgoings, stagnated.

Thus after an increase of 54 per cent. and then 26 per cent. in 1973 and 1974, local Government revenue rose by less than 1 per cent. in 1975, a significant decline in fact when measured against an 18 per cent. inflation rate.

## Reversal

What this reversal clearly demonstrated was one of the disadvantages of running a country without direct taxes such as income-tax, and instead deriving the bulk of revenues from customs duties and other indirect sources such as licence fees for the offshore banking industry. These revenues are closely tied to the cycles of the economy. Thus customs duties, which were producing revenue, which had been close to half the Government's revenue, were threatening for some years to revenue of \$C19m. (about

\$US10.8m.) in 1975, actually declined in that year in money terms and fell by about one-fifth in real terms.

The outcome of this was that the Government, which had been spending heavily on new capital projects — especially the harbour and new offices — and by some accounts lacked adequate budget controls, was forced to cut back on expenditure plans on capital account, and in particular defer, for example, a further extension to the hospital.

It has been fortunate, however, that some of these programmes could not be halted in mid-stream because this has enabled Government spending to be counter-cyclical, especially in the construction field, which would have been even more severely hit but for the public works and road building programme.

Now, however, a tighter rein will have to be imposed. In particular it seems difficult to see how the airport renewal project can take place and also highly unlikely that the \$C125m. can be found to give the island a sewage system.

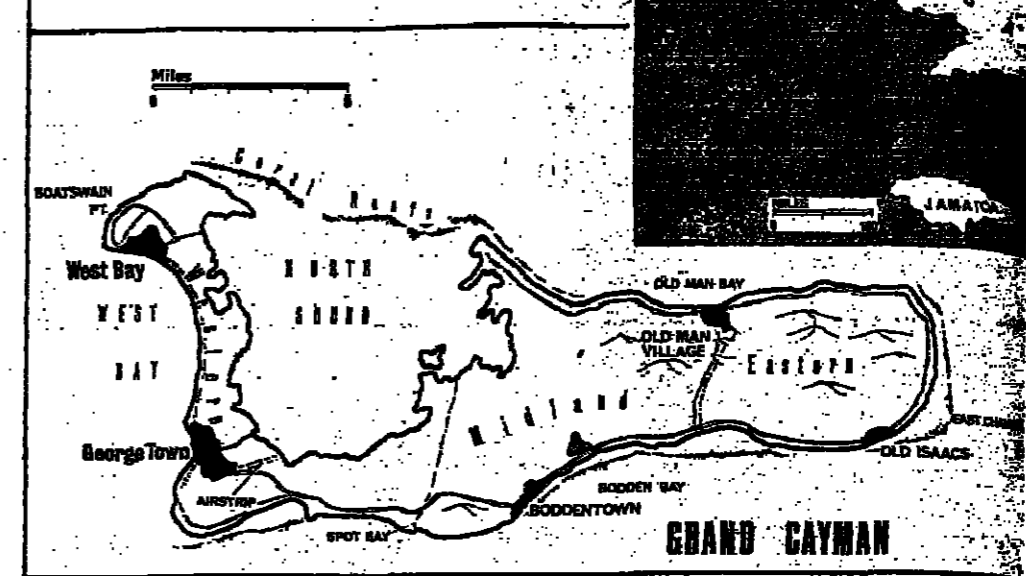
It seems most likely that the Government will in fact have to take a deep breath and impose new taxes, perhaps on some properties, in order to keep its social expenditure moving. Its burden public debt, however, is only light and it is therefore in a position to increase its borrowings assuming that debt service is still close to the 5 per cent. of local revenue mark. The potential volatility of local revenue with the economic cycle remains an unsolved problem as does the burden of indirect taxes on the poorer sections of the community.

Not surprisingly the economic problems of the public sector have been repeated more forcefully in the private.

The sudden reversal in the direction of the economy has left many businessmen seriously exposed, especially those who were relying on the Interbank group for finance or had money with it. Depositors seem unlikely to be repaid anything from the group which had assets of around \$C140m., of which so far, only \$C18m. have been recovered. According to some sources there are still a number of businessmen associated with the Interbank companies who are in desperate financial straits.

The collapse in the building boom has in any case meant that over a wide range of non-Government projects work has had to stop. The islands' hotels, too, have almost certainly been losing money over at least the past 18 months, with obvious implications for Government revenues.

The basic problems, of course,



go back to the islands' lack of natural resources. None of the three islands is endowed with much good agricultural land and there is no manufacturing sector. What there is of these activities all told probably accounts for substantially less than 10 per cent. of GDP. It was these factors for example which no doubt largely explain the emigration of menfolk to the sea.

## Interlinked

The industries that there are, primarily the tourist industry, and financial services, retailing, and now a much diminished construction industry, are all closely interlinked. One of the side-effects of the boom has been that the island has about twice the floor space per head in its supermarkets than most industrial countries, far too much in the current recession.

Moreover, the main sectors of the economy are potentially footloose and vulnerable. While many bankers have shown a constructive commitment to the

islands, it is none the less true that a few scandals too many, or try's operations, perhaps bottling plants, bakeries, plants, and aircraft assembly, a small scale. Considerable special industrial income under way.

One problem about shipping industry in the island, the relatively high wage, the economy in relation to other areas in the West, if not to the U.S. On the one hand the islands retain advantages of an increasing well educated population, free of social tensions, and male work-force many of whom are mechanically skilled in their shipping work.

There is also a sophisticated financial community with knowledge of financing techniques and the subsidy and trade insurance subsidies available. A Government which is taking seriously the need to plan development of the economy around the islands, and their central location, to construct a deep-water terminal for transshipment of cargoes. Attempts these are also being made to try to

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# Financial community on its toes

THE BANKER turned to his desk, pulled out a file of letters as illegal tax evasion through offshore tax havens, is causing palpitations in the Cayman Islands. There are many facets to this inquiry, but at least one of them is that the adverse publicity which the islands (and the Bahamas) are suffering as a result of the inquiries of "No reply" were already scrawled.

## Image

Whether bankers and trust managers in the Caymans receive more of these sort of letters or fewer than other financial centres is not relevant. The fact remains that in the public mind tax havens have a faintly illicit image, and this no doubt attracts criminals. The letter quoted above is thought to be an attempt to "launder" money, albeit such a crude one that it would take in only the gullible or those seeking to be deceived. In this case the letter is almost certainly a baited hook, had the banker replied the result would probably have been an offer to deposit a substantially smaller sum, perhaps a few hundred thousand dollars, in return for a matching loan from a branch in the U.S. Criminal funds would thus have been "laundered."

It is one of the paradoxes of offshore tax havens that their success in handling tax avoidance business which is sometimes on the border-line with tax evasion, depends primarily on their ability to keep criminals and scandals from their doors.

Internationally reputable financial corporations such as most of those operating in the Cayman Islands would almost certainly be frightened away if the islands' financial regulations were so feeble that fraudsters were able to operate with impunity, allowing the islands to develop a reputation for fostering financial tricksters. The paradox is that business if it which often stretches the letter of the law needs to be conducted in an atmosphere of probity if the tax haven is to prosper. It is therefore no surprise that the Cayman authorities were anxious to help U.S. criminal investigators recover funds and apprehend the criminals who recently stole cash in the U.S. and deposited it in the islands. Neither therefore is it any surprise that the U.S. Internal Revenue Service's intensifying

campaign against what it sees as illegal tax evasion through offshore tax havens, is causing palpitations in the Cayman Islands. There are many facets to this inquiry, but at least one of them is that the adverse publicity which the islands (and the Bahamas) are suffering as a result of the inquiries of "No reply" were already scrawled.

Seen from the standpoint of the countries whose citizens are using tax havens to avoid tax — Europe, the U.S. and increasingly South America tax havens can appear to have little justification. It is ironic that the British Government, which in the 1960s supported the legislation which turned the Cayman Islands into a tax haven, subsequently, when the islands developed a successful service industry, sought to persuade the islands' Government to surrender its tax haven status. The attempt failed. But the episode points to another side of the tax-haven argument.

For one thing the revenue the Cayman Islands have raised from their tax haven licence fees has saved the British Exchequer funds which would otherwise have been supplied in part from development aid. Caymanians point out that in the developed countries, hordes of lawyers and consultants earn huge fees from devising tax avoidance schemes often little different from those being set up on Grand Cayman. And the bulk of these are perfectly legal tax avoidance devices.

## Loopholes

It is also hard to resist the logic of the argument which says that if a developing country with few natural resources finds a form of business through which it can earn encouragingly illegality, so be it. If this results in the exploitation of loopholes in the laws of foreign nations, it is the job of the foreign countries to close them, not the job of the tax haven. But the tax haven can scarcely expect to be popular as a result. Just as governments attempt to eliminate the most blatant tax avoidance schemes within their own borders, so they would be falling in their duty to their own citizens, who pay their full taxes, if they did

not keep up a sustained attack on off-shore tax avoidance schemes. Hence the IRS "Operation Haven" investigation into offshore tax avoidance. Sources close to the inquiry emphasise its particular significance in the U.S. The U.S. tax system is based on voluntary filing of tax returns and it is therefore particularly vulnerable to cheating on tax returns.

While the big U.S. banks operating offshore have entered a voluntary undertaking with the U.S. Federal Reserve Bank not to accept funds direct from the U.S. this restriction does cover non-U.S. banks and managers.

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## CAYMAN ISLANDS III

# Tourism now vital to future prosperity

IN THE SPACE of a few years, tourism has become a vital component of the Cayman economy and a crucial factor in political and social development. Like many other Caribbean islands, the Caymans are heavily dependent upon visitors from the U.S. Hence the Arab oil embargo and the subsequent U.S. recession have since 1974, had an adverse effect on the growth and profitability of the industry.

It is doubtful if even a handful of hotels have returned a profit over this period. The hotel association in the Caribbean for its part estimates that no more than five per cent. of the region's hotels were profitable in 1975.

This pause in the growth of tourism in the Caymans has had a particular impact since it has come only very shortly after some of the more ambitious hotels, the Holiday Inn for example, were built. Thus there are hotel owners on the islands who may not have earned much profit, if any, since they set up in business, a factor which has to be borne in mind by the Government when it is considering new developments.

In addition, because the popularity of the islands as a tourist or retirement centre is so new, when the recession hit and the Interbank group collapsed in 1974 it affected and in some cases brought to a halt new construction projects. So the downturn in the tourist industry had severe repercussions on an already overblown construction industry.

### Doubtful

The director of tourism in the Caymans, Mr. Eric Bergstrom, argues, however, that the Caymans have suffered less than others from the recession in the industry, for even during the recession years there was at least a slight increase in the number of visitors to the islands staying five days or more — although it is doubtful that the increase enabled the hotels to operate at a level of capacity high enough to offset inflationary cost increases.

Perhaps this slight resistance to the regional trend reflects in part the interdependence of the Cayman and tourist businesses. There seems to be little doubt that the growth in tourism in the Caymans is to some extent due to businessmen coming to the island in connection with their financial affairs, and combining the visit with a holiday.

The number of visitors to the islands in recent years gives some idea of the impact of the recession and also of the rapid growth of the industry. In 1966 there were only 8,000 tourists coming by air to the Caymans. By 1973 the figure had increased to 47,000 and by 1974 to 53,000. The average length of stay is around five nights. Last year the increase was barely perceptible, to 54,000, although the forecast for 1976, based in part on the belief that the Cayman industry's recovery will lag



The West Indian Club Hotel on Seven Mile Beach, Grand Cayman.

slightly behind the U.S. recovery from recession, but also on the figures for the first eight months of the year, is that visitors will this year top 60,000. In addition, weekly cruise ships will probably bring in 40,000 day visitors.

Nobody is under any illusion, however, that another tourist boom is on the horizon. For one thing, it is felt that the Caymans are suffering from the social and racial tensions apparent on other islands, even though similar manifestations of disharmony within the Cayman population are absent. This reporter encountered nothing but friendliness among the local population in a week's stay on Grand Cayman last month. (Some British and American members of the banking and off-shore tax business were a little more cautious, but not hostile, in their reception.)

But if the numbers of tourists are increasing, occupancy rates are probably averaging around only 60 per cent — not enough to cover costs in some cases — and there is a suspicion that the current crop of visitors is spending less freely than its predecessors. There has also been a marked increase in the number of visitors coming in the cheaper out-of-season summer months, which will help to cover costs providing there is no offsetting decline in high season visitors.

The attractions of the islands remain those of any tourist centre in the Caribbean with fine beaches which have not suffered from overdevelopment and have therefore retained an exclusive appeal. In addition, the Caymans are recognised by diving enthusiasts as among the best waters in the world for scuba or skin-diving because of their clarity, coral reefs and, in parts, deep water.

It is against this background of only a slow emergence from recession that the Government must evolve plans for further development of tourism in

order to support the growth of the economy, and in particular perhaps to stimulate the hard-pressed construction industry. It will no doubt be torn by conflicting priorities given the importance of the sector as an employer.

The overriding consideration seems clear enough though — to prevent the industry from developing too rapidly so that the best beaches, in particular Seven Mile Beach, do not become overdeveloped. If the high quality of Grand Cayman's environment is to be retained there would seem to be only limited scope for further development in this area.

Too rapid a development of the tourist industry would also threaten to disturb further the balance in society. It would probably require the importation of yet more labour, for example, at a time when Caymanians are suffering some unemployment.

### Balance

Even though there have been no outbreaks of trouble between the local and immigrant populations it is difficult not to feel that the balance between the two communities has been pushed far enough. Is it worth pushing the ratio to the point at which trouble occurs before acting to reduce the risks? There are fears that what has happened in other Caribbean islands when tourist visitors each year have begun to overwhelm the local population could happen in the Caymans.

Simple ratios between the number of tourist visitors and the size of the local population are surely an inadequate and superficial guide. There is talk that trouble between visitors and visited is more likely when the ratio of the former to the latter reaches around 12:1, which compares with about 4:1 in the Caymans at present.

Other factors must be at least

as important — the history of race relations, for example. These are good in the Caymans but the fact is that the islands have a very large and visible foreign working population. There is also, of course, the state of the economy.

A further factor which has to be taken into account as the Government formulates its tourist policy is the attitude of existing hoteliers if a new 300-room hotel, for example, were approved to add to the already underutilised bed capacity of 1,700.

Certainly there are those who would welcome such a new hotel development and talks have certainly taken place — with Ramada Inns being rumoured as one prospective new investor. The economic advantages of such a development are clear. It could, for example, provide a real uplift for the seriously depressed construction industry. Moreover, since it would probably take two or more likely three years before it could accept visitors, depending on what tourist growth forecast one takes, it may well be badly needed by the end of the decade.

Another issue is whether, and on what terms, a foreign investor would now be prepared to make this sort of investment. Certainly it would be an expensive project, with the land alone in the Seven Mile Beach area probably costing in excess of C\$1m, and construction and financing costs running the total development to upwards of C\$3m, according to some guesses — for all the islands' political stability, does a Caribbean hotel investment, even on Grand Cayman, justify that sort of risk?

It is a difficult question to answer, especially when the U.S. Government's tax haven investigations are a further source of uncertainty.

If the view is taken that the Caymans can profit from the misfortunes affecting other tourist centres in the West Indies, however, the outlook for such a scheme must be seen to be better, especially in the light of the good air communications with the U.S. mainland.

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## CAYMAN ISLANDS IV

## Thoughtful eye on the social problems

IT IS DIFFICULT to conceive of many societies absorbing without serious social strains an increase of one third in its population, especially when the increase is the result of an influx of aliens many of whom end up occupying the best paid jobs in the country. Looked at objectively this is what the Cayman Islands has done in the past five years and its Government has also been able to develop social policies to try to adjust to this potentially cataclysmic change. While it is easy to object that some of the policies do not go far enough, or that mistakes have been made — perhaps some projects might have been held back and some banks more

closely regulated — it is just as remarkable that the island's Government was not overwhelmed by its good fortune in the early years of the decade. That the Cayman Government did not simply fall prey to the ambitious schemes of foreign capital without asking where the road would lead to can be seen from the early decision to establish in 1971 the Caymanian Protection Law, and the Associated Caymanian Protection Board which restricts the issue of work permits to non-Caymanians and also limits the number and type of non-Cayman-owned companies operating in the islands. There can be little doubt that

the creation of this Board is one factor which helped restrain the foreign invasion of the islands and hence the potential the influx of aliens had for disrupting the local society. Perhaps more important was the fact that the Caymans has a history of good race relations, a large seagoing population which has lived overseas and, at least until 1974, an economy which was growing and bringing prosperity in its wake to enough Caymanians.

There are other aspects of the development of Caymanian society during the period of rapid expansion in the population and economy which reflect forward thinking by some influential political leaders. A good example is education.

Back in 1968 education in the Caymans was organised around a selective grammar school system and a secondary modern school. At that time of 200 or so children coming out of primary school only 40 went to the grammar school; the remainder were banished into the secondary modern school. Mr. Benson Ebanks, the executive council member responsible for Health, Education, Social Welfare and Labour does not disguise his belief that so far as education was concerned the secondary modern school was little more than a place to put the children until they were old enough to work.

He was thus among the strongest advocates of a move

towards the creation of a comprehensive education system to bring secondary education under one roof, and to spare no expense within the island's resources to equip the school. The largest single item in the Government's 1975 and 1976 expenditure estimates was education, which accounted for a little under one-sixth of Government's planned outlays of \$C110.5m.

## Argument

His argument was that comprehensive education would help to present the development of two classes in society, with some of the children of the better off immigrants no doubt joining the privileged group. With a school population of 3,000 (out of a total population of 14,000), half of them in the secondary school, it is clearly important that the educational system should be as non-divisive as possible. The success of the educational system is shown by the fact that only a very small private secondary school system exists, although no doubt many expatriates send their children to schools abroad.

The other motivation behind the decision to press for the best standards that could be afforded in education was the recognition that the greatest natural resource which the islands have is their people.

Some other Caribbean islanders see Caymanians as more vigorous and adventurous than most and it is recognised in the islands that if the Government is to see the high level of Caymanisation in banking and tourism it desires then its children will have to be well educated.

The progress that has been made in education, which is free from primary school to college scholarships abroad for those who achieve the required standards, is considerable. Even school children in outlying and poorer districts will talk of the importance of staying at school until 18, repeating years if necessary. And in 1976 among 170 children taking examinations at ordinary level and CSE, there were 140 "O" level passes, 36 "O" levels which qualified for CSE pass and 60 CSE passes in direct examination.

There are still literacy problems but remedial work is cutting into the problem. And the comprehensive school, after some bitter opposition from outside and from some staff within, has been working effectively, a success which is attributed by outsiders as being in no small measure the result of the work of Mr. Peter Stokes, the headmaster brought in from Barnet, England.

But the very success of the school system against a background of economic recession and accompanying inflation is that of poor housing. Over one-third



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## Food imports a burden

THE SERIOUS imbalance in the Cayman Islands' foreign trade has been a subject of mounting domestic concern. In particular attention has centred on the growing inadequacy of the agricultural sector during the past ten years.

The islands produce far too little of the food they require. A 1970 population census, for example, showed that out of a working population of some 3,400 only 150 qualified for the description "agricultural, animal husbandry, forestry, fishermen and hunters."

Another way to measure the

problem is to look at the trade figures. Thus, of the Caymans' total imports in 1974 of \$C122m, approximately \$C11.24m was spent on importing meat, fruit and vegetables.

Significantly, the islands' dependence on imported food has been steadily increasing. In part, no doubt, this reflects the growth of tourism and financial services industries which have attracted visitors and employees who want to eat foods similar to those in their home countries. But other factors have been at work. One was that many of the islands' males went to work

as sailors. This movement itself contributed to a run-down in the agricultural sector. The growth of tourism and the attraction of a substantial proportion of the population into either construction or service industry also drew labour away from the land and subsistence — but without an adequate increase in cash farming to compensate.

One explanation for the willingness of people to move to these other occupations is undoubtedly the better wages to be had. In addition, however, much of the agricultural land is not of good quality.

Unfortunately, too, with the boom in the economy the self-interest of some of those businessmen on the islands who have profited from this growth has operated against what many see to be the best long-term interests of the islands. The broadening of the agricultural base clearly comes in that category. What appears to have happened is that business groups with an interest in importing food and selling it have resisted — and some suggest, on occasion actively sabotaged — efforts at agricultural import substitution.

It was only in 1966 that the Government established a Department of Agriculture, and in 1968 a Trade Bill was introduced and passed in the Legislature by one vote. The Bill was aimed at protecting local products by controlling imports and exports and, if necessary in the public interest, fixing prices. Although the Bill passed the Legislature, opposition to it was so strong that in fact it never became law by completing the legislative process. One of the fears behind the opposition was that cheaper domestic produce would replace some more expensive and profitable imports.

An example cited is the opposition which built up against a poultry farm business set up in the islands. This showed up in the failure of local retailers to stock its produce regularly and eventually led to the closure of the operation. Other efforts at import substitution have also failed for lack of support by retailers.

In addition to the threat to the balance of payments from inadequate import substitution in agriculture, the high level of food imports has contributed to the islands' inflationary problems in the past.

There is no doubt, however, that the Government and a wider section of the community are becoming more aware of the problems associated with the inadequate agricultural sector. This may be seen as one good outcome of the recession and the subsequent collapse of the boom.

The Government has laid emphasis on the lag in the development of agriculture and has pledged itself to stimulate it. Recently, too, a survey was conducted to try to establish what prospects there are for the development of commercial fishing.

Further evidence of an emerging policy is provided by the islands' development plan, which

has scheduled specific areas for agriculture.

Here again, however, the Caymans are running into the legacy of the recent past. Considerable objections have been registered to certain of these proposals by landowners who, seeing the speculative profits made during the construction boom, feel that having their land designated for agriculture has reduced its value. The fact that the land boom has passed is not much comfort, especially if they bought the land as an investment.

Some sources claim that interest in agriculture reached a new peak in 1975, leading to the strengthening of existing commercial operations and the initiation of new farming operations.

Thus one farm on the island — the largest, and known as Bothwell's Farm — now satisfies nearly all local demand for eggs and has expanded into beef production.

The Government has also started its own nursery and experimental farm. Some believe that with the development of a stronger agricultural sector related businesses such as canning could be developed.

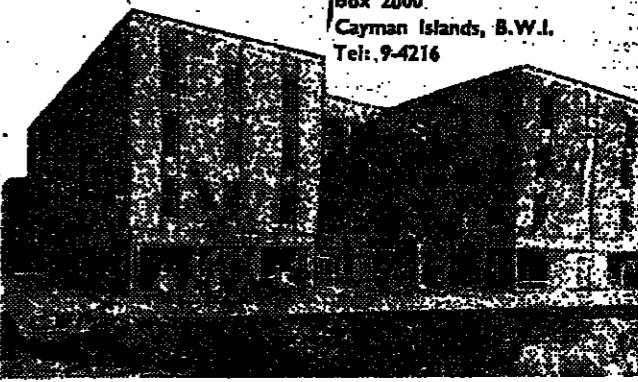
Clearly, however, there are hurdles to be overcome in terms of opposition from entrenched interests and the capital and trained labour needed. But the recession has provided the evidence that a successful agricultural sector is now an important and probably essential prerequisite of the islands' development.

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## FARMING AND RAW MATERIALS

## U.K. turkey exports a record

By Peter Bullen

BRITAIN'S TURKEY industry will be exporting a record 750,000 to 1m. turkeys this year, the British Turkey Federation said yesterday.

About 80 per cent of the exports will be shipped to the United States and will earn £41m. to £51m. in foreign currency.

At least 20 countries are now buying British turkeys, with the bulk of them going to other members of the Common Market. Germany in particular is a major customer, and with a domestic industry which supplies only about half of the country's demand, the potential is enormous to leading members of the EEC.

Next year the industry hopes to raise overseas sales to 1.5m. birds, although the actual export market research and promotion is all being done by individual companies.

For the U.K. market the existence of a steady export trade is helping to avoid any embarrassing surplus which can distort marketing in this country. This year about 1.8m. birds have been produced—10m. of them for the U.K. Christmas market. With the rise in meat prices recently, turkey producers are already claiming that the market will be a better buy in comparison with other meats, even though retail prices may be a few pence higher than last December.

## Japan imports Soviet aluminium

TOKYO, Sept. 30.

KAWAKAMI INTERNATIONAL has signed a five-year contract with the Soviet Union to import a total of 50,000 tonnes of primary aluminium from the Soviet non-ferrous metals corporation starting this month.

The Japanese trading house refused to give details of the contract. But it said the import price is close to international market levels.

Until June this year, the Soviet Union had exported all of its primary aluminium to western countries and Japan under a so-called "gentlemen's agreement."

Trade sources said since the expiry of the agreement in June, the Soviet Union has offered to sell its primary aluminium directly to Japan.

Reuter

## Ministry plan will 'raise bacon prices'

BY OUR COMMODITIES STAFF

BACON AND ham importers warned yesterday that retail prices will rise by 6p to 10p a lb if the EEC approves a plan put forward by the U.K. Ministry of Agriculture to change the system of calculating EEC pig meat compensatory payments.

The plan has been devised to answer bitter protests by British producers and processors that the present system is unfair and is giving their community a large price advantage of up to 25 per cent on goods they send to Britain.

The plan has already been sent to the Brussels Commission and circulated to interested parties and should be discussed at the Council of Ministers meeting in Luxembourg next Monday and Tuesday.

But the United Kingdom Pro-

vision Trade Federation, whose members sell some £20m. worth of bacon, canned goods and dairy products a year, warned that as half of all bacon eaten in Britain is imported and the proposed changes would cut monetary compensatory payments so drastically all imported bacon products could rise by up to 10 per cent.

On past experience of market price movements, this would inevitably lead to U.K. bacon and canned pork products rising by similar amounts," it added.

In letters to Mr. John Sulkin, the Minister of Agriculture, and Mr. Roy Hattersley, the Prices Secretary, the Federation says the MCP on the first hand price of bacon costing £1,000 a ton is approximately £200 a ton.

This gives a current weekly MCP bill of £840,000 on bacon,

but if the new plan goes through this could be cut to only £300,000. Similarly the £100,000 MCP bill on canned ham imports would be reduced to £100,000.

Meanwhile, Reuter reported from Brussels that the main items on the agenda of the Farm Ministers' meeting next week will be the efforts to form common standards and potato policies. Discussions on the date for ending the incorporation of skimmed milk powder in animal feed and on the Commission's controversial proposals for dealing with the long term dairy surplus problem have been postponed until the meeting on October 25 and 26.

The state of the beef market, being closely connected with the dairy proposals, has also been put back to the later meeting.

The latest forecast compares with a 12,02m. tonnes crop in 1975-76.

The spokesman said the Board had slightly lowered its export availability forecast to about 6.5m. tonnes from 6.7m.

Wheat Board said it had raised its 1976-77 crop forecast to about 8.4m. tonnes from 8.3m. estimated two weeks ago.

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## Metals ease as sterling strengthens

By John Edwards

METAL PRICES moved generally lower on the London markets yesterday following the upward trend in the value of sterling.

Copper cash wirebars lost 5.5 to 537 a tonne, under pressure not only from sterling, but also from fears that the U.K. Government may be forced to raise interest rates again and impose a credit squeeze.

General sentiment on the market remains "soft," but it is noticeable that consumer physical demand, especially from West Germany, came in at the lower price levels.

Tin also recovered on some physical buying interest, after falling sharply on the further recovery in sterling. Cash tin closed 548 down at 54,722 a tonne, after trading down to 54,700 and moved higher on the late lurch.

Lead followed the trend set by copper shedding the gains made earlier in the week. Cash lead fell 5.75 to 228.25 a tonne, falling below last Friday's close.

On the world sugar market, the London daily price for raw sugar was cut by 5p to 512 1/2 from 517 1/2. The market was also lower following a report of a sale to a French refiner of around 117,500 a ton. Earlier, suggestions that a Russian sugar had been sold to the French refiner at a price of around 112 a ton were denied by London market sources.

Meanwhile, Reuter reported from Moscow that the U.S. beet processors might have to shut plants if beet sugar prices continue to fall below the economic breakeven point, according to Michael Boswell, vice-president of the Great Western Refining Corp.

Mr. Boswell noted the U.S. beet sugar industry cannot operate on an economically sound footing when beet is below 17 cents a lb.

Higher U.K. prices for ferro-nickel effective October 1 were announced yesterday by Enten. The price of new nickel roundels is raised to £3,203 a tonne against £2,793.5 previously. Nickel content in ferro-nickel FN-1 goes up from 22.50 to 23.21.

Prices are based on an average sterling/dollar exchange rate of 1.6644 to the £ for the five working days commencing September 22.

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## U.K. AGRICULTURE

## Temporary drought wanted now

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

EVEN THE most colour blind must see that a vast change has come over the countryside, thanks to the heavy rain of the last few days. Although the flood has escaped the worst of the flooding, there have been more than five inches on the farm since the August bank holiday, which really signalled the end of the drought.

The first to benefit have been the sheep, which had been increasingly dissatisfied with their fare as the drought deepened and the pastures began to look like Australia. In fact, there were even worse than Australia, where the grasses are nearly all annuals. Their seeds, particularly those called subterranean clover, have died and the soil is bare. This must be due to the warm ground retaining much of the nitrogen fertiliser. I have stopped all dry feeding, and should be all right until next Christmas as long as the season keeps open.

The sheep are much happier now. They have plenty of grass which in some cases is growing faster than I have ever seen. This must be due to the warm ground retaining much of the nitrogen fertiliser. I have stopped all dry feeding, and should be all right until next Christmas as long as the season keeps open.

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to absorb the foetus in bad weather and reduce the potential. Farmers who have cattle tell me they are not yet out of the wood even if there is continual grass growth from now until Christmas. The grass is providing some welcome growth, but it is unlikely to produce more silage for conservation. There is a theory that autumn grass is not much good for stock, particularly milking cows. This is not always true and while quality is not so good as in the early spring, there is no doubt that freshly grown and leafy herbage is always valuable.

The problem comes in a wet autumn when cattle do far more damage with their feet than their mouths. In such conditions, the saying "every beast has five mouths" is very true. Although the harvest is very light, a lot of grain will be left behind the combine, particularly in barley fields. The grain which grew was so light that it blew over the sieves, and probably very little weight was lost.

But it makes for a longer time the residues will help to carry over diseases until next year. Unusually after a dry summer, the land in many cases broke up easily after harvest, probably because it had not been moist enough to set really hard in the spring and I have a fair acreage ready for sowing. The only problem is that many of the small weed seeds have not germinated until recently, and this week for the first time for ages the land has been too wet to cultivate.

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to absorb the foetus in bad weather and reduce the potential. Farmers who have cattle tell me they are not yet out of the wood even if there is continual grass growth from now until Christmas. The grass is providing some welcome growth, but it is unlikely to produce more silage for conservation. There is a theory that autumn grass is not much good for stock, particularly milking cows. This is not always true and while quality is not so good as in the early spring, there is no doubt that freshly grown and leafy herbage is always valuable.

The problem comes in a wet autumn when cattle do far more damage with their feet than their mouths. In such conditions, the saying "every beast has five mouths" is very true. Although the harvest is very light, a lot of grain will be left behind the combine, particularly in barley fields. The grain which grew was so light that it blew over the sieves, and probably very little weight was lost.

But it makes for a longer time the residues will help to carry over diseases until next year. Unusually after a dry summer, the land in many cases broke up easily after harvest, probably because it had not been moist enough to set really hard in the spring and I have a fair acreage ready for sowing. The only problem is that many of the small weed seeds have not germinated until recently, and this week for the first time for ages the land has been too wet to cultivate.

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## COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Lower on the London Metal Exchange after a confused day's trading with the movements of the pound a significant factor. Forward metal closed at 273 and fell to 267 during the morning.

COPPER OFFICIAL

Wirebars

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## COMMODITY MARKET REPORTS AND PRICES

## COFFEE

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# STOCK EXCHANGE REPORT

## Rumours of hike in MLR demoralises market further

### Index down 6.9 at 323.5—Falls to 7 in Gilts

Account Dealing Dates  
Option  
First Declared Last Account  
Dealings Last Dealings Day  
Sep. 20 Sep. 30 Oct. 1 Oct. 12  
Oct. 4 Oct. 14 Oct. 15 Oct. 26  
Oct. 18 Oct. 28 Oct. 29 Nov. 9  
\*New time deals may take place from 9.30 a.m. two business days earlier.

Stock markets passed another demoralising day with both British Funds and equities falling to fresh lows for the year yesterday. Against a backdrop of the sterling crisis, rumours that an announcement of an increase in Minimum Lending Rate by a substantial margin would be made at noon prompted a sharp sell-off in Gilts-edged securities and, although the announcement failed to materialise, final quotations were only a little above the day's worst. Falls ranged to 7 and 8 in Gilts-edged securities and, although the announcement failed to materialise, final quotations were only a little above the day's worst. Falls ranged to 7 and 8 in Gilts-edged securities and, although the announcement failed to materialise, final quotations were only a little above the day's worst.

Leading equities followed in the wake of Gilts. Prices opened quietly dull but a sudden bout of selling, some of which was attributable to the after-noon rally, left the FT-30 share index showing a loss of 10.4 at noon. Thereafter a rally got under way, but this proved a struggle and the index still closed with a fairly substantial loss of 6.9 on the day's trading.

Widespread losses in secondary issues were reflected in the FT-100 index, which fell 17.1 to 1,000.4. Industrial and a loss of 2.3 per cent, to 123.0 in the FT-Actuaries share index. Property shares were particularly unsettled by

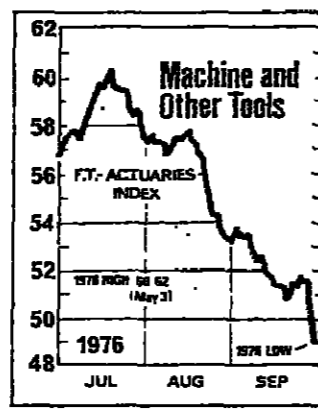
fears of higher interest rates and the FT-A index for the sector lost 4.5 per cent, to 128.28.

#### Gilts depressed

The outburst of speculation concerning interest rates and, in particular, Minimum Lending Rate played havoc with the market in British Funds. A heavy business day developed among the shorts, which, despite the initial upsurge in sterling, were soon a point and more lower, while falls of a similar magnitude began to appear against many medium- and long-term gilts. The later feeling that an immediate sharp hike in MLR could be expected, a sign of weakness and would do little to restore confidence, triggered a rally, mainly at the longer end where quotations were some 10 points down at noon. A recovery at the shorter end followed conviction and prices closed with falls of nearly a point. After-noon's trading was small but the market was tending to line ground again. Today's debut of the new tranche of short "tap" Treasury 11 per cent, 1979 will be purely nominal, its issue price was 98, and the existing stock closed last night at 97.

Sensitive still to the gyrations in sterling, the FT-100 index fell 17.1 to 1,000.4 at noon. Thereafter a rally got under way, but this proved a struggle and the index still closed with a fairly substantial loss of 6.9 on the day's trading.

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of 225p, while Midland declined 8 to 220p, after 225p, and losses of 7 and 6 respectively were seen in Lloyds, 178p, and National Westminster, 200p. Bank of Scotland fell 11 to 234p. Discounts also turned lower with Allen Harvey and Ross 20 down at 210p. In the FT-100, the FT-Actuaries index fell 4.5 to 128.28. Against the trend, Nabors Timber edged up 13 to 235p on the considerably improved first-half profits. ICI performed better than most, closing only a penny easier at 308p, after 207p. Elsewhere in Chemicals, Federated edged up 210 3/4p on the interim report.

#### Gussies "A" dull

Stores had another poor day, closing with some substantial falls on fears about the possible raising of VAT rates. Gussies "A" closed with a fall of 8 to 120p. Some spreader, MFI Warehouses gave up 3 1/2p despite sharply increased earnings. Falls of 4 were seen in Dixons and Photocopy. Comp. declined to 142p, while R. Costain, 119p, Tunnell, 8p, 142p, and Taylor Woodrow, 225p, all closed around 3 cheaper. Against the trend, Nabors Timber edged up 13 to 235p on the considerably improved first-half profits. ICI performed better than most, closing only a penny easier at 308p, after 207p. Elsewhere in Chemicals, Federated edged up 210 3/4p on the interim report.

national strike by car delivery drivers. Lucas Industries gave up 5 more at a 197p low of 160p, while losses of around 4 were seen in Dowty, 140p, and Associated Engineering, 53p. Hanger Investments, however, managed to close a penny better at 80p on the sharply improved first-half profits. After easing to a 197p low of 21p in front of the interim statement, Group Lotus rallied on the announcement to close unchanged on the day at 22p.

Newspaper succumbed along with everything else, Daily Mail and Thomson both falling 6 to 158p and 284p respectively. United shed 5 more to 200p. Associated Book Publishers eased 1 to 74p, after 72p, despite the impressive half-yearly results. Bid frustration was reflected in a 2p fall in Morgan Gramplan, which slipped 3 to 97p. Similar dullness among Paper/Printings was measured by a fall of 4 to 32p in D.M.G. Favourable trading news left TPT 1 cheaper at 37p and Bemoise the same amount off at 53p.

U.S. influences, the early recovery in the pound and local profit-taking all contributed to a marked reversal in the Oil leaders. Shell dropped to 37p before closing a net 12 down at 378p, British Petroleum fell 15 to 80p, after 65p, and Royal Dutch gave up 2 1/2p to 241p. Outside of the leaders, the higher investment dollar premium for the production sharing in Indonesia failed to sustain a rally. Higher interest rates took greater hold in Properties, bringing sizeable falls which ranged up to 10p in the last named despite the fact that the market was buoyed by a fall of 15 to 27p in John Haggas.

The tobacco majors succumbed to the general gloom, with BAT and the Deffered both sustaining fresh falls of 5 at 25p and 205p respectively. Laps, receded 11 more to 64p.

with the general trend. Fresh losses of 6 and 15 respectively were seen in Rollover sub-shares, 491p, and Rollover sub-shares, 580p. While London Deffered ran back 6 to 111p, Stockholders Alroy, 491p, and Rollover sub-shares, 580p, and Robert Kitchen Taylor eased 2 to 20p. Backward, on the other hand, closed 13 better at 151p.

In Shippings, British and Commonwealth shed 8 to 197p. Further consideration of the pool first-half figures left Reardon Smith down 5 more at 190p, while the "A" declined a fresh 2 to 70p. Still waiting further news on the Ben Line Steamers bid approach, Shear Steam lost 4 to 98p.

Courtaulds held up relatively well and closed only a penny cheaper at 100p, after 107p, but selling in a thin market brought about a fall of 15 to 27p in John Haggas.

The tobacco majors succumbed to the general gloom, with BAT and the Deffered both sustaining fresh falls of 5 at 25p and 205p respectively. Laps, receded 11 more to 64p.

FINANCIAL TIMES STOCK INDICES									
	Sept. 29	Sept. 30	Sept. 31	Sept. 1	Sept. 2	Sept. 3	Sept. 4	Sept. 5	Year Ago
Government Secs.	99.18	99.01	99.01	99.01	99.01	99.01	99.01	99.01	99.01
Fixed Interest	98.85	98.82	98.82	98.82	98.82	98.82	98.82	98.82	98.82
Industrial Ordinary	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0
Gold Mines	108.7	108.5	108.5	108.5	108.5	108.5	108.5	108.5	108.5
Out. Div. Yield	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95
Earnings P/B Multiple	20.53	20.10	19.82	19.82	19.82	19.82	19.82	19.82	19.82
P/B Ratio (incl. Div.)	7.19	7.54	7.44	7.44	7.44	7.44	7.44	7.44	7.44
Debt/Equity Ratio	5.222	5.114	5.002	5.002	5.002	5.002	5.002	5.002	5.002
Equity Turnover	60.07	60.07	60.07	60.07	60.07	60.07	60.07	60.07	60.07
Liquidity (pence/million)	11.869	11.869	11.869	11.869	11.869	11.869	11.869	11.869	11.869
10 a.m. 29.9	11 a.m. 29.9	11 a.m. 29.9	11 a.m. 29.9	11 a.m. 29.9	11 a.m. 29.9	11 a.m. 29.9	11 a.m. 29.9	11 a.m. 29.9	11 a.m. 29.9
10 a.m. 30.0	11 a.m. 30.0	11 a.m. 30.0	11 a.m. 30.0	11 a.m. 30.0	11 a.m. 30.0	11 a.m. 30.0	11 a.m. 30.0	11 a.m. 30.0	11 a.m. 30.0
10 a.m. 30.1	11 a.m. 30.1	11 a.m. 30.1	11 a.m. 30.1	11 a.m. 30.1	11 a.m. 30.1	11 a.m. 30.1	11 a.m. 30.1	11 a.m. 30.1	11 a.m. 30.1
10 a.m. 30.2	11 a.m. 30.2	11 a.m. 30.2	11 a.m. 30.2	11 a.m. 30.2	11 a.m. 30.2	11 a.m. 30.2	11 a.m. 30.2	11 a.m. 30.2	11 a.m. 30.2
10 a.m. 30.3	11 a.m. 30.3	11 a.m. 30.3	11 a.m. 30.3	11 a.m. 30.3	11 a.m. 30.3	11 a.m. 30.3	11 a.m. 30.3	11 a.m. 30.3	11 a.m. 30.3
10 a.m. 30.4	11 a.m. 30.4	11 a.m. 30.4	11 a.m. 30.4	11 a.m. 30.4	11 a.m. 30.4	11 a.m. 30.4	11 a.m. 30.4	11 a.m. 30.4	11 a.m. 30.4
10 a.m. 30.5	11 a.m. 30.5	11 a.m. 30.5	11 a.m. 30.5	11 a.m. 30.5	11 a.m. 30.5	11 a.m. 30.5	11 a.m. 30.5	11 a.m. 30.5	11 a.m. 30.5
10 a.m. 30.6	11 a.m. 30.6	11 a.m. 30.6	11 a.m. 30.6	11 a.m. 30.6	11 a.m. 30.6	11 a.m. 30.6	11 a.m. 30.6	11 a.m. 30.6	11 a.m. 30.6
10 a.m. 30.7	11 a.m. 30.7	11 a.m. 30.7	11 a.m. 30.7	11 a.m. 30.7	11 a.m. 30.7	11 a.m. 30.7	11 a.m. 30.7	11 a.m. 30.7	11 a.m. 30.7
10 a.m. 30.8	11 a.m. 30.8	11 a.m. 30.8	11 a.m. 30.8	11 a.m. 30.8	11 a.m. 30.8	11 a.m. 30.8	11 a.m. 30.8	11 a.m. 30.8	11 a.m. 30.8
10 a.m. 30.9	11 a.m. 30.9	11 a.m. 30.9	11 a.m. 30.9	11 a.m. 30.9	11 a.m. 30.9	11 a.m. 30.9	11 a.m. 30.9	11 a.m. 30.9	11 a.m. 30.9
10 a.m. 31.0	11 a.m. 31.0	11 a.m. 31.0	11 a.m. 31.0	11 a.m. 31.0	11 a.m. 31.0	11 a.m. 31.0	11 a.m. 31.0	11 a.m. 31.0	11 a.m. 31.0

HIGHS AND LOWS									
	High	Low	High	Low	High	Low	High	Low	High
Govt. Secs.	99.18	98.85	99.01	98.82	99.01	98.82	99.01	98.82	99.01
Fixed Int.	98.85	98.82	98.82	98.82	98.82	98.82	98.82	98.82	98.82
Ind. Ord.	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0
Gold Mines	108.7	108.5	108.5	108.5	108.5	108.5	108.5	108.5	108.5
Out. Div.	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95
Earnings P/B	20.53	20.10	19.82	19.82	19.82	19.82	19.82	19.82	19.82
P/B Ratio	7.19	7.54	7.44	7.44	7.44	7.44	7.44	7.44	7.44
Debt/Equity	5.222	5.114	5.002	5.002	5.002	5.002	5.002	5.002	5.002
Equity Turnover	60.07	60.07	60.07	60.07	60.07	60.07	60.07	60.07	60.07
Liquidity	11.869	11.869	11.869	11.869	11.869	11.869	11.869	11.869	11.869

S.E. ACTIVITY									
	Sept. 29	Sept. 30	Sept. 31	Sept. 1	Sept. 2	Sept. 3	Sept. 4	Sept. 5	Year Ago
Govt. Secs.	99.18	99.01	99.01	99.01	99.01	99.01	99.01	99.01	99.01
Fixed Int.	98.85	98.82	98.82	98.82	98.82	98.82	98.82	98.82	98.82
Ind. Ord.	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0	525.0
Gold Mines	108.7	108.5	108.5	108.5	108.5	108.5	108.5	108.5	108.5
Out. Div.	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95
Earnings P/B	20.53	20.10	19.82	19.82	19.82	19.82	19.82	19.82	19.82
P/B Ratio	7.19	7.54	7.44	7.44	7.44	7.44	7.44	7.44	7.44
Debt/Equity	5.222	5.114	5.002	5.002	5.002	5.002	5.002	5.002	5.002
Equity Turnover	60.07	60.07	60.07	60.07	60.07	60.07	60.07	60.07	60.07
Liquidity	11.869	11.869	11.869	11.869	11.869	11.869	11.869	11.869	11.869

## F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Thursday, September 30, 1976										Highs and Lows/Indices				
GROUPS & SUB-SECTIONS																
Figures in parentheses show number of stocks per section																
	Index No.	Delta	Yield %	Est. Div. Yield %	Grass Div. Yield %	P. E. Ratio	P. E. Ratio	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	
1	CAPITAL GOODS (179)	120.71	-3.0	21.62	7.70	6.88	6.88	124.48	125.59	129.12	130.11	120.21	160.06	120.71	806.87	90.11
2	Building Materials (30)	108.43	-2.6	20.84	8.82	7.20	7.20	111.85	112.91	117.72	119.51	116.59	150.18	108.43	233.94	44.26
3	Contracting, Construction (23)	161.08	-5.8	26.17	6.90	5.88	5.88	170.59	177.77	178.91	179.47	218.20	180.10	160.08	182.05	71.16
4	Electricals (16)	224.46	-2.9	19.88	5.93	7.30	7.51	231.25	231.58	255.32	259.02	206.17	287.50	224.46	580.04	86.77
5	Engineering (Heavy) (13)	145.23	-2.9	23.13	8.69	4.56	4.49	147.51	148.88	154.88	156.52	147.58	195.18	145.23	202.57	94.41
6	Engineering (General) (64)	111.67	-2.8	21.77	8.70	6.79	6.79	114.88	115.68	118.81	118.78	104.76	132.10	109.00	186.16	56.77
7	Machine and Other Tools (9)	108.97	-2.4	18.93	9.07	7.59	7.58	110.18	50.68	51.67	51.83	40.51	60.62	48.97	136.70	16.15
8	Miscellaneous (24)	106.65	-3.0	19.23	8.29	7.69	7.61	109.92	111.64	114.67	115.48	102.61	141.54	106.65	177.41	46.55
9	CONSUMER GOODS (DURABLE) (53)	99.72	-3.7	22.93	7.00	6.54	6.52	103.57	106.09	108.49	109.41	96.99	121.46	99.72	237.78	58.35
10	Lt. Electronics, Radio TV (15)	107.61	-4.3	23.19	5.41	6.64	6.63	112.35	112.87	117.06	117.95	114.78	140.95	107.61	237.41	48.83
11	Household Goods (13)	130.12	-3.1	23.63	9.18	6.73	6.71	134.25	135.33	137.88	138.29	148.55	187.22	130.12	262.22	60.77
12	Motors and Distributors (25)	64.30	-3.1	24.07	8.47	6.34	6.32	66.37	68.45	70.51	71.33	49.99	85.16	64.30	170.59	39.91
13	CONSUMER GOODS (NON-DURABLE) (169)	123.62	-2.2	17.93	7.79	8.43	8.55	126.39	128.09	131.09	132.71	135.80	162.24	123.62	226.08	61.42
14	Breweries (15)	136.81	-2.2	17.30	8.53	8.66	8.66	139.94	142.19	146.98	147.65	154.00	198.00	136.81	237.41	54.22
15	Wines and Spirits (7)	148.92	-0.3	16.48	7.64	9.32	9.32	143.06	144.70	147.69	148.37	136.24	190.67	148.92	257.40	78.77
16	Entertainment, Catering (14)	148.89	-2.3	17.10	9.18	9.02	9.04	149.37	152.57	158.75	160.85	154.42	211.28	148.89	329.99	54.87
17	Food Manufacturing (23)	138.27	-1.8	20.53	6.61	7.47	7.41	140.79	142.43	146.33	146.68	148.73	178.44	138.27	212.08	59.18
18	Food Retailing (16)	110.68	-2.5	16.60	7.07	8.81	8.81	115.46	117.41	118.89	119.75	143.07	160.08	110.68	256.06	54.54
19	Newspapers, Publishing (16)	159.40	-2.3	18.00	6.58	10.08	10.08	165.21	167.13	168.40	168.68	134.46	184.24	159.40	250.29	55.05
20	Packaging and Paper (12)	86.21	-1.8	17.37	8.08	8.85	8.85	87.77	88.58	91.28	91.16	91.63	112.50	86.21	181.07	48.42
21	Stores (34)	96.92	-3.7	15.73	7.22	7.78	7.77	100.61	102.93	105.95	106.99	119.17	136.26	96.92	204.49	56.17
22	Textiles (23)	124.88	-1.8	14.52	9.21	10.43	9.23	127.15	127.62	131.45	132.46	158.56	183.19	124.88	255.78	62.65
23	Tobaccos (3)	196.64	-1.3	22.28	8.78	6.68	6.68	199.21	199.20	205.22	206.40	186.85	241.89	196.64	359.18	58.55
24	Toys and Games (6)	65.14	-1.8	23.15	9.19	5.78	5.76	66.34	66.87	69.13	68.82	57.61	80.93	65.14	136.72	28.93
25	OTHER GROUPS (95)	180.72	-0.8	16.95	6.34	8.04	8.04	182.27	182.64	186.50	189.29	172.79	231.58	180.72	331.38	71.21
26	Office Equipment (9)	76.65	-3.2	15.70	6.97	9.31	9.31	79.18	79.78	82.40	81.71	78.00	100.67	76.65	240.78	52.17
27	Shipping (12)	350.56	-2.6	14.08	7.47	10.11	9.14	359.83	363.90	370.06	372.45	350.93	422.84	350.56	517.00	90.93
28	Miscellaneous (48)	130.93	-2.3	17.58	8.97	8.55	8.54	134.05	135.40	138.57	138.93	138.02	172.93	130.93	268.83	60.86
29	INDUSTRIAL GROUP (496)	127.43	-2.5	18.75	7.97	7.88	7.84	130.44	131.78	135.58	136.39	132.45	165.59	127.43	250.17	59.01
30	OILS (4)	338.50	-2.7	12.59	5.18	9.30	8.47	347.73	353.43	358.87	359.59	305.71	395.84	338.50	431.66	87.21
31	500 SHARE INDEX	144.51	-2.4	17.68	7.16	8.08	7.94	148.03	149.71	153.03	155.82	146.79	183.30	144.51	222.85	63.44
32	FINANCIAL GROUP (100)	105.94	-3.3	—	—	—	—	109.43	111.17	115.79	116.32	128.86	155.46	105.94	241.43	55.83
33	Banks (6)	130.43	-3.8	28.93	5.93	5.93	5.93	135.31	136.96	140.72	141.49	154.75	186.16	130.43	288.22	62.44
34	Discount Houses (10)	126.52	-2.5	—	—	—	—	129.71	132.76	137.40	137.40	144.80	186.52	126.52	292.13	58.18
35	Hire Purchase (5)	73.44	-4.6	9.59	8.69	23.31	23.21	71.29	79.91	81.86	81.01	92.50	122.10	73.44	143.72	58.84
36	Insurance (Life) (10)	88.26	-3.9	—	—	—	—	88.80	90.33	94.97	96.66	113.19	122.40	88.26	192.58	58.84
37	Insurance (Composite) (7)	84.60	-2.3	—	—	—	—	86.75	88.45	89.38	90.90	105.84	119.75	84.60	183.76	48.96
38	Insurance Brokers (9)	217.69	-2.6	13.29	5.77	11.26	11.26	223.42	223.58	226.78	227.70	200.30	276.50	217.69	376.90	65.26
39	Merchant Banks (15)	32.99	-4.1	—	—	—	—	55.23	56.18	57.68	58.74	83.84	93.85	32.99	125.92	31.86
40	Property (32)	128.28	-4.5	4.75	4.27	38.18	38.29	134.27	137.29	140.71	144.09	163.45	184.12	128.28	238.78	61.75
41	Miscellaneous (6)	67.53	-2.1	20.82	12.33	7.25	7.25	68.99	69.27	70.65	71.34	67.86	91.67	67.53	203.15	31.35
42	Investment Trusts (50)	137.58	-1.5	5.89	5.52	26.94	26.94	139.45	140.81	140.36	140.98	159.86	184.55	137.58	245.79	73.26
43	ALL-SHARE INDEX (650)	135.05	-2.5	—	—	—	—	138.43	140.00	143.05	143.96	142.83	174.64	135.05	228.18	61.92
44	COMMODITY GROUPS (Not included in 500 or All-Share indices)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
45	Rubbers (9)	467.00	-0.4	10.09	6.01	14.41	13.55	468.94	471.12	473.89	472.85	568.36	523.40	464.67	555.57	84.66
46	Teas (9)	131.68	—	30.71	9.85	4.82	4.21	131.23	132.81	135.75	133.17	140.49	142.11	131.68	167.93	36.73
47	Coppers (3)	199.11	-1.4	52.54	6.32	3.07	3.07	201.94	201.94	201.94	199.03	290.50	301.47	172.60	367.78	94.08
48	Mining Finance (11)	87.69	-1.2	11.89	8.72	9.46	9.59	88.77	89.53	89.73	90.44	128.48	129.77	85.32	175.90	86.31
49	Tins (7)	115.95	—	13.81	8.56	11.13	11.06	115.94	116.89	117.07	112.20	128.40	119.14	115.95	182.49	57.51
50	Overseas Traders (13)	202.87	-6.7	17.23	6.52	7.79	7.79	204.40	208.29	212.49	214.70	209.06	224.70	202.87	271.51	67.51
FIXED INTEREST																
		Index No.	Yield %	Thursday, Sept. 30	Friday, Sept. 30	Saturday, Sept. 30	Sunday, Sept. 30	Monday, Sept. 30	Tuesday, Sept. 30	Wednesday, Sept. 30	Thursday, Sept. 30	Friday, Sept. 30	Saturday, Sept. 30	Sunday, Sept. 30	Monday, Sept. 30	Tuesday, Sept. 30
1	Consols 2 1/2% yield	—	14.90	14.78	14.78	14.96	14.65	14.64	14.64	14.64	14.63	14.58	14.53	14.53	14.53	14.53
2	20-yr. Govt. Stocks (6)	—	45.29	14.28	43.81	45.83	46.42	46.48	46.29	46.31	46.04	45.26	53.45	45.29	116.42	36.27
3	20-yr. Red. Deb. & Loans (15)	—	45.72	15.76	47.87	47.37	47.56	47.47	47.88	47.88	47.49	47.99	52.40	45.72	113.43	37.01
4	Investment Trust Prefrs. (15)	—	44.72	15.48	45.91	46.32	46.90	46.90	47.05	47.14	47.14	45.98	51.33	44.72	116.41	37.01
5	Com. and Indl. Prefrs. (20)	—	61.45	15.82	63.02	63.58	64.67	64.64	64.58	64.55	64.55	62.81	71.97	61.45	114.93	47.67
Section or Group		Base Date	Base Value	Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value	Section or Group
Overseas Traders		31.12.74	100.00	Insurance Brokers		20.12.65	100.00	The Financial Times, London		ECU 33.7	100.00	100.00	A record of the indices, last C.D. is obtained from FT Business Enterprises, 10, Wall Court, London			
Engineering (Heavy)		31.12.74	100.00	Mining Finance		20.12.65	100.00	FT Actuaries indices are		FT Actuaries indices are	FT Actuaries indices are	FT Actuaries indices are	A record of the indices, last C.D. is obtained from FT Business Enterprises, 10, Wall Court, London			
Wines and Spirits		31.12.74	100.00	All Other		20.12.65	100.00	is denominated yield. FT Actuaries indices are		FT Actuaries indices are	FT Actuaries indices are	FT Actuaries indices are	A record of the indices, last C.D. is obtained from FT Business Enterprises, 10, Wall Court, London			
Toys and Games		31.12.74	100.00					forecast by Erel Communications Limited (a member of the Exchange Telegraph Group) on an		FT Actuaries indices are	FT Actuaries indices are	FT Actuaries indices are	A record of the indices, last C.D. is obtained from FT Business Enterprises, 10, Wall Court, London			
Office Equipment		31.12.74	100.00					IBM 370 computer.		FT Actuaries indices are	FT Actuaries indices are	FT Actuaries indices are	A record of the indices, last C.D. is obtained from FT Business Enterprises, 10, Wall Court, London			
Industrial Group		31.12.74	100.00					A list of the constituents of the FT Actuaries		FT Actuaries indices are	FT Actuaries indices are	FT Actuaries indices are	A record of the indices, last C.D. is obtained from FT Business Enterprises, 10, Wall Court, London			
Miscellaneous Food Manufacturing		29.12.67	100.00					Share indices is now available from the Publishers.		FT Actuaries indices are	FT Actuaries indices are	FT Actuaries indices are	A record of the indices, last C.D. is obtained from FT Business Enterprises, 10, Wall Court, London			
Food Retailing		29.12.67	100.00							FT Actuaries indices are	FT Actuaries indices are	FT Actuaries indices are	A record of the indices, last C.D. is obtained from FT Business Enterprises, 10, Wall Court, London			

STOCK INDEX

[illegible]

Equity & Life Ass. Co.<sup>9</sup> Slater Walker Insurance Co. Ltd.  
 Bond Street W1E 3AS 01-4860327 30 Urbridge Road W12 01-749 8111


[illegible]

AC. Uts.	95.9	187.8	Ret. Plan Acc. Pen.	47.3	51.8	-0.8	—
ber Cap.	92.8	97.7	Ret. Plan Cap. Pen.	41.2	44.8	-0.7	—
Uts.	113.4	—	Ret. Plan Man. Acc.	92.2	97.6	-3.2	—
d. Uts.	120.1	—	Ret. Plan Man. Cap.	90.6	95.9	-3.3	—
a. Fed.	118.7	—					

[illegible]

## FUNDS

[illegible]

**H&B**  
 **SURVEYORS VALUERS AND**  
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**Healey & Baker**  
*Established 1820 in London.*  
**29 St. George Street, Hanover Square,**  
**London W1A 3BG** **01-629 9292**

**CLYDE & LONDON** **170 OLD BROAD STREET LONDON EC4M 1LS**  
**ASSOCIATED OFFICES IN:** **PARIS BRUSSELS AMSTERDAM HENRY**

# FT SHARE INFORMATION SERVICE

### HOTELS—Continued

[illegible]

## INDUSTRIALS

[illegible]

## CANADIANS

[illegible]

## BUILDING INDUSTRY—Continued | DRAPERY AND STORES—C

174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
High	Low	Stock	Price	+ or -	Dr	Nr	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	88																																																																																																									

**ENGINEERING—Continued**[illegible]

### RATES AND HIRE PURCHASE

1976		1975		1974		1973		1972		1971		1970		1969		1968		1967		1966		1965		1964		1963		1962		1961		1960		1959		1958		1957		1956		1955		1954		1953		1952		1951		1950		1949		1948		1947		1946		1945		1944		1943		1942		1941		1940		1939		1938		1937		1936		1935		1934		1933		1932		1931		1930		1929		1928		1927		1926		1925		1924		1923		1922		1921		1920		1919		1918		1917		1916		1915		1914		1913		1912		1911		1910		1909		1908		1907		1906		1905		1904		1903		1902		1901		1900		1899		1898		1897		1896		1895		1894		1893		1892		1891		1890		1889		1888		1887		1886		1885		1884		1883		1882		1881		1880		1879		1878		1877		1876		1875		1874		1873		1872		1871		1870		1869		1868		1867		1866		1865		1864		1863		1862		1861		1860		1859		1858		1857		1856		1855		1854		1853		1852		1851		1850		1849		1848		1847		1846		1845		1844		1843		1842		1841		1840		1839		1838		1837		1836		1835		1834		1833		1832		1831		1830		1829		1828		1827		1826		1825		1824		1823		1822		1821		1820		1819		1818		1817		1816		1815		1814		1813		1812		1811		1810		1809		1808		1807		1806		1805		1804		1803		1802		1801		1800		1799		1798		1797		1796		1795		1794		1793		1792		1791		1790		1789		1788		1787		1786		1785		1784		1783		1782		1781		1780		1779		1778		1777		1776		1775		1774		1773		1772		1771		1770		1769		1768		1767		1766		1765		1764		1763		1762		1761		1760		1759		1758		1757		1756		1755		1754		1753		1752		1751		1750		1749		1748		1747		1746		1745		1744		1743		1742		1741		1740		1739		1738		1737		1736		1735		1734		1733		1732		1731		1730		1729		1728		1727		1726		1725		1724		1723		1722		1721		1720		1719		1718		1717		1716		1715		1714		1713		1712		1711		1710		1709		1708		1707		1706		1705		1704		1703		1702		1701		1700		1699		1698		1697		1696		1695		1694		1693		1692		1691		1690		1689		1688		1687		1686		1685		1684		1683		1682		1681		1680		1679		1678		1677		1676		1675		1674		1673		1672		1671		1670		1669		1668		1667		1666		1665		1664		1663	
390	251	ANZSAI		777		-7	-5	1024																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		</																																																																																																																																									

65	Marshall (Htz)	65	-3	d4.71	3.1	11.2	4.5	80	46	Woodworth	46	-12	3.95
66	New & Hessel	66		2.48	4.8	6.0	-						

[illegible]

Locker (T15p) —	81 <sub>2</sub>	—4	0.7	2
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[illegible]

12	Deutsche Bank AG	12	-2	Q20%	-
13	Deutsche Bank AG	13	-2	Q20%	-
14	Deutsche Bank AG	14	-2	Q20%	-
15	Deutsche Bank AG	15	-2	Q20%	-
16	Deutsche Bank AG	16	-2	Q20%	-
17	Deutsche Bank AG	17	-2	Q20%	-
18	Deutsche Bank AG	18	-2	Q20%	-
19	Deutsche Bank AG	19	-2	Q20%	-
20	Deutsche Bank AG	20	-2	Q20%	-
21	Deutsche Bank AG	21	-2	Q20%	-
22	Deutsche Bank AG	22	-2	Q20%	-
23	Deutsche Bank AG	23	-2	Q20%	-
24	Deutsche Bank AG	24	-2	Q20%	-
25	Deutsche Bank AG	25	-2	Q20%	-
26	Deutsche Bank AG	26	-2	Q20%	-
27	Deutsche Bank AG	27	-2	Q20%	-
28	Deutsche Bank AG	28	-2	Q20%	-
29	Deutsche Bank AG	29	-2	Q20%	-
30	Deutsche Bank AG	30	-2	Q20%	-
31	Deutsche Bank AG	31	-2	Q20%	-
32	Deutsche Bank AG	32	-2	Q20%	-
33	Deutsche Bank AG	33	-2	Q20%	-
34	Deutsche Bank AG	34	-2	Q20%	-
35	Deutsche Bank AG	35	-2	Q20%	-
36	Deutsche Bank AG	36	-2	Q20%	-
37	Deutsche Bank AG	37	-2	Q20%	-
38	Deutsche Bank AG	38	-2	Q20%	-
39	Deutsche Bank AG	39	-2	Q20%	-
40	Deutsche Bank AG	40	-2	Q20%	-
41	Deutsche Bank AG	41	-2	Q20%	-
42	Deutsche Bank AG	42	-2	Q20%	-
43	Deutsche Bank AG	43	-2	Q20%	-
44	Deutsche Bank AG	44	-2	Q20%	-
45	Deutsche Bank AG	45	-2	Q20%	-
46	Deutsche Bank AG	46	-2	Q20%	-
47	Deutsche Bank AG	47	-2	Q20%	-
48	Deutsche Bank AG	48	-2	Q20%	-
49	Deutsche Bank AG	49	-2	Q20%	-
50	Deutsche Bank AG	50	-2	Q20%	-
51	Deutsche Bank AG	51	-2	Q20%	-
52	Deutsche Bank AG	52	-2	Q20%	-
53	Deutsche Bank AG	53	-2	Q20%	-
54	Deutsche Bank AG	54	-2	Q20%	-
55	Deutsche Bank AG	55	-2	Q20%	-
56	Deutsche Bank AG	56	-2	Q20%	-
57	Deutsche Bank AG	57	-2	Q20%	-
58	Deutsche Bank AG	58	-2	Q20%	-
59	Deutsche Bank AG	59	-2	Q20%	-
60	Deutsche Bank AG	60	-2	Q20%	-
61	Deutsche Bank AG	61	-2	Q20%	-
62	Deutsche Bank AG	62	-2	Q20%	-
63	Deutsche Bank AG	63	-2	Q20%	-
64	Deutsche Bank AG	64	-2	Q20%	-
65	Deutsche Bank AG	65	-2	Q20%	-
66	Deutsche Bank AG	66	-2	Q20%	-
67	Deutsche Bank AG	67	-2	Q20%	-
68	Deutsche Bank AG	68	-2	Q20%	-
69	Deutsche Bank AG	69	-2	Q20%	-
70	Deutsche Bank AG	70	-2	Q20%	-
71	Deutsche Bank AG	71	-2	Q20%	-
72	Deutsche Bank AG	72	-2	Q20%	-
73	Deutsche Bank AG	73	-2	Q20%	-
74	Deutsche Bank AG	74	-2	Q20%	-
75	Deutsche Bank AG	75	-2	Q20%	-
76	Deutsche Bank AG	76	-2	Q20%	-
77	Deutsche Bank AG	77	-2	Q20%	-
78	Deutsche Bank AG	78	-2	Q20%	-
79	Deutsche Bank AG	79	-2	Q20%	-
80	Deutsche Bank AG	80	-2	Q20%	-
81	Deutsche Bank AG	81	-2	Q20%	-
82	Deutsche Bank AG	82	-2	Q20%	-
83	Deutsche Bank AG	83	-2	Q20%	-
84	Deutsche Bank AG	84	-2	Q20%	-
85	Deutsche Bank AG	85	-2	Q20%	-
86	Deutsche Bank AG				

[illegible]

125	Sparrow G.W. 2hp	125ml	10.39	4.1	5.4	6.9	25	15	Dowling & M. sp.	28	0.96
30	Chowhound 10m	12	2.03	2.6	7.1	8.6	44	32	Dreamland 10p	32	12.2

[illegible]

R.C.F. Holdings	26	2.44	2.6
Baine Eng'g Inc.	141	10.97	5.6

13	70	70	67	A.P.P.	68	13.94	12.32
14	70	70	67	Princess Ann, S.	69	6.95	6.95
15	70	70	67	Princess Ann, S.	70	1.54	1.54
16	70	70	67	Princess Ann, S.	71	1.54	1.54
17	70	70	67	Princess Ann, S.	72	1.54	1.54
18	70	70	67	Princess Ann, S.	73	1.54	1.54
19	70	70	67	Princess Ann, S.	74	1.54	1.54
20	70	70	67	Princess Ann, S.	75	1.54	1.54
21	70	70	67	Princess Ann, S.	76	1.54	1.54
22	70	70	67	Princess Ann, S.	77	1.54	1.54
23	70	70	67	Princess Ann, S.	78	1.54	1.54
24	70	70	67	Princess Ann, S.	79	1.54	1.54
25	70	70	67	Princess Ann, S.	80	1.54	1.54
26	70	70	67	Princess Ann, S.	81	1.54	1.54
27	70	70	67	Princess Ann, S.	82	1.54	1.54
28	70	70	67	Princess Ann, S.	83	1.54	1.54
29	70	70	67	Princess Ann, S.	84	1.54	1.54
30	70	70	67	Princess Ann, S.	85	1.54	1.54
31	70	70	67	Princess Ann, S.	86	1.54	1.54
32	70	70	67	Princess Ann, S.	87	1.54	1.54
33	70	70	67	Princess Ann, S.	88	1.54	1.54
34	70	70	67	Princess Ann, S.	89	1.54	1.54
35	70	70	67	Princess Ann, S.	90	1.54	1.54
36	70	70	67	Princess Ann, S.	91	1.54	1.54
37	70	70	67	Princess Ann, S.	92	1.54	1.54
38	70	70	67	Princess Ann, S.	93	1.54	1.54
39	70	70	67	Princess Ann, S.	94	1.54	1.54
40	70	70	67	Princess Ann, S.	95	1.54	1.54
41	70	70	67	Princess Ann, S.	96	1.54	1.54
42	70	70	67	Princess Ann, S.	97	1.54	1.54
43	70	70	67	Princess Ann, S.	98	1.54	1.54
44	70	70	67	Princess Ann, S.	99	1.54	1.54
45	70	70	67	Princess Ann, S.	100	1.54	1.54
46	70	70	67	Princess Ann, S.	101	1.54	1.54
47	70	70	67	Princess Ann, S.	102	1.54	1.54
48	70	70	67	Princess Ann, S.	103	1.54	1.54
49	70	70	67	Princess Ann, S.	104	1.54	1.54
50	70	70	67	Princess Ann, S.	105	1.54	1.54
51	70	70	67	Princess Ann, S.	106	1.54	1.54
52	70	70	67	Princess Ann, S.	107	1.54	1.54
53	70	70	67	Princess Ann, S.	108	1.54	1.54
54	70	70	67	Princess Ann, S.	109	1.54	1.54
55	70	70	67	Princess Ann, S.	110	1.54	1.54
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57	70	70	67	Princess Ann, S.	112	1.54	1.54
58	70	70	67	Princess Ann, S.	113	1.54	1.54
59	70	70	67	Princess Ann, S.	114	1.54	1.54
60	70	70	67	Princess Ann, S.	115	1.54	1.54
61	70	70	67	Princess Ann, S.	116	1.54	1.54
62	70	70	67	Princess Ann, S.	117	1.54	1.54
63	70	70	67	Princess Ann, S.	118	1.54	1.54
64	70	70	67	Princess Ann, S.	119	1.54	1.54
65	70	70	67	Princess Ann, S.	120	1.54	1.54
66	70	70	67	Princess Ann, S.	121	1.54	1.54
67	70	70	67	Princess Ann, S.	122	1.54	1.54
68	70	70	67	Princess Ann, S.	123	1.54	1.54
69	70	70	67	Princess Ann, S.	124	1.54	1.54
70	70	70	67	Princess Ann, S.	125	1.54	1.54
71	70	70	67	Princess Ann, S.	126	1.54	1.5

50	Smith St. Aub—	50	-2	4.08	—	12
300	Stand'd Chart £1.	325	-8	15.75	3.1	7

[illegible]

38	Anchor (hem)	41	---	23.69	---	14.4	---	7.7	80	107m	---	2.2	17.0
33	Ball (W.W.)	34	---	11.5	4.1	6.8	5.5	135	80	78	---	0.78	---

9	6	8	7	6	5	4	3	2	1
10	9	8	7	6	5	4	3	2	1
11	10	9	8	7	6	5	4	3	2
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166	165	164	163	162	161	160	159	158	157
167	166	165	164	163	162	161	160	159	158
168	167	166	165</						

Taylor Pakistar.	45	.....	3.68	2.6
Tecalemit.....	38	-2	2.92	2.6

[illegible]

34	City Lod. Del.	34	.....	21	11	9
52	Clark (Matthew)	55nd	.....	4.65	2.6	12

[illegible]

47	Rentokil Up.....	47	-2	12.79	2.9	5.9	8.5	66	50	Dr. A.....	50	-1	2.03
65	Revertex.....	75ml	.....	14.42	3.1	9.1	5.5	170	123	Adwest Group.....	126	-4	6.94

[illegible]

Wolf Elect. Tools	58	-1	61.54	7.7
Wolfsy Hughes	100	.....	66.0	3.7

[illegible]

22	BCA 30p	25	-1	2.03	1.6	12
314	BBB Inds. Etc	314	-4	6.71	3.8	8

[illegible]

30	Acidotropic 10p.	34	-2	3.25	0.9	15.4	22.4	125	83	Brachnate fl	116	+2	6.94
75	Baker's Sire 10p	77	-1	+0.69	4.9	6.8	6.5	62	36	Brachnate 10p	36	-1	1.88

[illegible]

Cell 5 Mining	29	-1	12.14	3.1
Cavenham	8600	...	4.22	3.0
Clifford	28	...	1.1	3.3

[illegible]

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[illegible]

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# FINANCIAL TIMES

Friday October 1 1976

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## Smith accepts offer of a conference

BY OUR FOREIGN STAFF

A BRITISH Government Minister will probably meet the Rhodesian Premier, Mr. Ian Smith, or his representative in the next few days to discuss Britain's offer to convene a conference to set up an interim Government, the Foreign Office confirmed last night.

Mr. Smith sent a message to Mr. Anthony Crosland yesterday replying to the offer. The message, described as confidential, was thought to contain Mr. Smith's agreement to attend the conference, subject to certain conditions.

The Minister would be Mr. Ted Rowlands, Minister of State at the Foreign Office, who is touring southern Africa following Botswana's independence anniversary celebrations. The meeting is expected to take place in Pretoria rather than Salisbury.

Now that Mr. Smith has agreed to Mr. Kissinger's proposals for a settlement, the legalistic obstacles to a meeting with a British Minister have been greatly reduced. Foreign Office sources stressed yesterday that the main difficulties were logistical. Mr. Smith has a busy timetable and would have to fit in a meeting before Wednesday, when he is due to return to London.

He also has to see President Nyerere of Tanzania, in Dar es Salaam, and to meet with all the front-line black Presidents involved in the Rhodesia dispute and President Machel of Mozambique.

Tanzania yesterday criticised Mr. Crosland's offer as "not coming up to what we wanted."

according to an official in Dar es Salaam. He told Reuters that the statement issued by five black African presidents in Lusaka last week-end made it clear that the principal figures in any conference should be Britain, the colonising power, and the authentic representatives of the Rhodesia people.

He added that Mr. Crosland's offer suggested that Mr. Smith was a principal figure.

Our Salisbury Correspondent writes: In announcing that Mr. Smith had replied to Mr. Crosland's proposal, a government spokesman here said he wished to correct "certain misconceptions," particularly suggestions that the meeting would be a "constitutional conference."

### Border town

He stressed: "The conference will be held in terms of the proposals agreed in Pretoria." The relevant section of the six-point proposals read by Mr. Smith last Friday night was: "Representatives of the Rhodesian Government will meet immediately at mutually agreed place with African leaders to organise an interim government to function until majority rule is implemented."

The Rhodesian delegation will be led by Mr. Smith. There is speculation here that the venue might be Livingstone, on the Zambian border.

Mr. Josiah Chinamano, deputy president of the faction of the African National Council which is led by Mr. Joshua Nkomo, said it "must be a mutually agreed venue, certainly not

inside Rhodesia."

The leader of the rival faction of the ANC, Bishop Muzorewa, is expected to return to Rhodesia "within weeks" according to ANC sources here who said that the Bishop will lead a delegation to the conference.

Asked whether the Bishop was in danger of arrest on his return, a Government spokesman replied: "Whether he returns is entirely up to him."

Today the opposition Rhodesia Party sent a telegram to Mr. Crosland claiming representation at the conference. The multiracial Centre Party has also welcomed the conference, which should "include all shades of Rhodesian opinion," it says.

The Rhodesian Government has made it clear that it regards the function of the conference as primarily to establish an interim government.

In his address on Friday Mr. Smith ruled out a constitutional conference outside Rhodesia. Saying that the most important function of the Council of States (which has equal black and white representation under a white chairman) was to draw up a new constitution, he added: "It is important to note that this constitution will be drawn up in Rhodesia by Rhodesians and will not be imposed from outside."

Nationalists are unlikely to agree to a constitutional conference being held in Rhodesia unless African members control the interim administration. Whether Mr. Smith will allow this will be the key issue at the forthcoming meeting.

## Fraser remains chairman after SUITS meeting

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SIR HUGH FRASER, with support from institutional investors, without calls for his resignation as chairman of Scottish and Universal Investments (Suits) at the annual meeting in Glasgow.

Although there was strong criticism from individual shareholders over the £2.2m. loan by Suits to a property company, the demands for him to stand down were not even put to a vote. But a number of measures are to be taken to strengthen the Suits management. Institutional investors attended the meeting in strength because of the intense interest they have taken in the position concerning the loan, and directors' share dealings.

1—Arthur Young, McClelland Moore and Co. of Glasgow are to be appointed auditors to succeed Touche Ross, which resigned after admitting responsibility for failing to notice misclassification of the loan as cash in the Suits accounts.

2—Mr. Alec MacKenzie, a senior partner in the accountants Whitely Murray and Partners, is to be appointed as a director of Suits. Another non-executive director is to be appointed soon and will probably be an industrialist, possibly from a list of names suggested by institutional shareholders.

3—Consultants Tysack and Partners has been asked to look for a new managing director so that Sir Hugh can relinquish the position.

4—Sir Hugh intends to sell his 16.2 per cent. holding in the Edinburgh merchant bank Noble Grossart. Mr. Angus Grossart, managing director of the bank, is a director of Suits.

Sir Hugh said afterwards that he hoped the new measures would restore confidence in Suits. He still has to face the

Stock Exchange committee of inquiry appointed to investigate his sales of Suits shares in the past 18 months.

In his lengthy statement to the meeting he accepted responsibility for making the loan in October 1974 to Amalgamated Caledonian, a property company involved in redeveloping the site of the Army and Navy Stores in London. Sir Hugh and Mr. Grossart indirectly have interests in Amcel. It was realised in March this year that the loan was not recoverable, Sir Hugh said.

He added that the error by which the loan was classified in the accounts as cash was reported to him by May this year. He told the Board in June. But the Board's examination of the loan was then at an advanced stage, and it was decided not to make it public.

After the meeting Sir Hugh said that the records of his share dealings since the age of 18 were open to anyone. He had asked the Stock Exchange committee to make its findings public.

"There are personal reasons why I sold the shares and I shall be obliged to tell the Stock Exchange what they are, but I am not prepared to tell the Press."

He said he had also bought Suits shares to support the share price, but over the period of his father's death in 1966 had not made a profit from the transactions.

In the past 18 months he had sold 1.55m. shares at 82p. These had been transferred to him from the family trust holding at 126p. It was clear at the meeting that Sir Hugh must have gone in long way towards satisfying institutional shareholders at his private meeting with them in London last week.

The appointment of three new directors will bring the strength of the Suits Board from eight to 11. Six will have been appointed since October 1975. Meeting report, Page 9.

## Henley merger with Lansing Bagnall

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

A SIGNIFICANT restructuring of the British-owned part of the industrial and fork lift truck £1.5m. on a £20m. turnover.

Lansing Bagnall concentrates mainly on making electric-powered trucks and Henley is strong in the diesel-powered trucks sector of the market, and so the production ranges are particularly complementary.

Between them, they have roughly a quarter of total U.K. sales.

The expectation is that the broad range of combined group will strengthen the position of both Lansing Bagnall and Henley in overseas markets. Henley already exports most of its output, while Lansing Bagnall sends about 40 per cent. of production overseas.

The companies say that the merger will increase job security. Both will be run autonomously within the Kaye Organisation structure.

Henley employs 610 at its plant in Blackwood, Gwent, and is committed to providing continuing employment in this development area.

Lansing Bagnall has about 3,500 people at its Basingstoke plant in Hampshire, and is undergoing a £2m. two-year expansion.

## £2,500-a-year perks at BOC upsets union

BY ROY ROGERS, LABOUR CORRESPONDENT

UNION OFFICIALS are incensed at plans to provide fringe benefits worth up to £2,500 a year to a dozen or so senior executives of the British Oxygen Company.

They consider that plans, devised by the company's accountants and leaked in today's issue of Labour Weekly, are designed to get around the Government's pay policy.

They are particularly angry because the traditional annual payment date for the £2.50 to £4 settlement for 3,200 manual workers in the company's gases division was pushed back several weeks to comply with the pay policy. In fact, the wrangle over the almost led to a strike.

Last night Mr. John Miller, Transport and General Workers' Union national official responsible for the chemical industry, described the perks plan as scandalous.

A statement from the company confirmed that the auditors, Coppers and Lybrand, had been asked to advise on possible rewards for some senior management executives through low-interest mortgage loans, fees for overseas directorships or the use of company assets, such as furniture.

The company was adamant that it had not tried to hide these proposals, that all three items were in operation anyway and that it was convinced they were within the law and pay policy guidelines.

A copy of the accountants' report has been leaked to the Department of Employment, whose officials will no doubt go through it studiously as it appears to raise new problems of pay policy interpretation.

Under this and the previous pay policy, interpretation has been that existing allowances may be increased to maintain their real value in line with living costs. This provision appears to be restricted to money that is re-imbursement for actual expenditure but not allowances designed merely to top up salaries.

### Mortgages

New allowances can be introduced and existing ones improved in real terms only if offset against the pay limit.

British Oxygen's proposals include low interest mortgages, overseas directorships fees up to a maximum of £2,500 and furniture and fittings to a similar amount bought by the company for use in executive's homes for entertaining customers.

It appears that the accountants certainly are suggesting these perks as salary increases, because, according to Labour Weekly, their report states: "The arrangements are only likely to exist during the next two years, after which any benefits given to directors will be consolidated in increased salaries."

## THE LEX COLUMN

## Question mark over interest rates

Yesterday's fears of an emergency midday rise in MLR to 14 or 15 per cent. proved to be unfounded but the stock market remained extremely unsettled with gilts easing back again in late dealings as sterling fell back. If the Government really is going to try to proceed without public spending cuts or tax increases then there will have to be an horrendous monetary squeeze over the next year or 18 months.

The money market saw quite a lot of attempted selling of Treasury Bills and the three-month rate was suggesting a rise in MLR of a quarter- or half-point after today's tender. But in recent months the Thursday afternoon secondary rates have not provided any kind of guide to actual events on a Friday, with the market mechanism now totally overruled by the Bank of England. At this stage all that can be said is that MLR will either rise by a substantial margin—a point or more—or it will not rise at all.

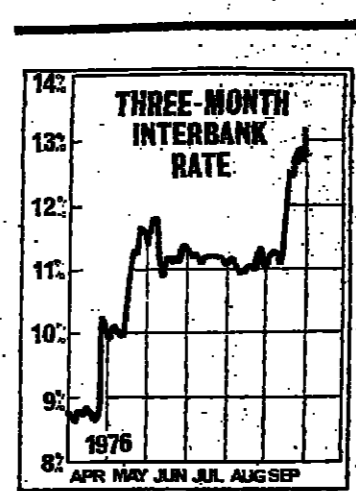
Short dated gilts have been especially weak in the last couple of days, since they have had to make a big adjustment from earlier hopes of an actual fall in MLR today; and anyway a flattening yield curve would seem to be compatible with the possible implications of an IMF intervention. In equities, all the damage had been done by noon. Bargains marked were again rather higher than has been the case in recent weeks, and the general state of demoralisation was evident in the way that falls in FT-quoted securities outstripped rises by an enormous 17 to 1.

### Wimpey

After last year's disappointing performance, the market was clearly looking for something better than a 3 per cent. rise in interim profits from George Wimpey, especially after other construction majors, such as Costain and Ailing, had turned in profits more than a third higher for the comparable period. This, plus a yield of 2.4 per cent. — offering few attractions in the current interest rate environment — resulted in Wimpey's share price dropping by a sixth on yesterday's news.

With only about 30 per cent. of its workload overseas, Wimpey has not been able to reap the same sort of exchange gains as some other large construction companies. In addition,

Index fell 6.9 to 323.5



its Saudi Arabian operations are running out of work and progress on the joint ventures with Laid in Iran are reported to be slipping behind schedule. However, the Canadian side, which produced a fifth of last year's profits, continues to do well, as do the operations in the Gulf and Nigeria.

Generally, the statement is cautious, even by Wimpey's standards. Last year, work carried out rose 20 per cent. This time, the rise was 13 per cent. The value of contract work on hand is virtually unchanged whereas in 1975 there was a "very substantial increase." But the order book still stands at record levels and Wimpey, in line with its conservative accounting procedures, is probably keeping something back for 1977, when cutbacks in U.K. public sector housing and the recession in domestic civil engineering will begin to bite.

For the current year, profits of £37m. against £35.4m. look on the cards. On balance, not very inspiring news for the shares even at their current lowly capitalisation of £90m.

### Cadbury Schweppes

At the trading level, Cadbury Schweppes' first half profits are virtually unchanged. The rise before tax is just £1.9m. to £16m. and forecasts for 1976 clearly have to be shaded down. Confectionery profits in the U.K. (27 per cent. of the total last year) have made no progress and market share is down — in striking contrast to last week's result from Rowntree. At the same time Cadbury is losing money in Canada and as

a result the tax charge is rising sharply. Overall profits for year may get close to £30m. pre-tax, against £38m. earnings per share are unlikely to show much change again in year's 5.2p.

At home, confectionery made a bad start to the current six months with Cadbury's ponderance of chocolate lines taking a beating from heatwave. Drinks will be an setting influence but the summer of 1976 was also long a hot. There have been a able capacity increases in soft and tonic water sales, plainly been affected by summer trading down. Cadbury still losing money and a suit North America, say, pushed to break-even and profits of £3.3m. before last time, and there are losses in South Africa, Australia, which is just a in sterling terms, will be better current half and Sun is bounding along.

Margins in the U.K. are slightly in the first half. Cadbury, understandably, talking about further price given that the cocoa price roughly trebled since 1975; net working capital June was a fifth up on end levels. Admittedly, a Christmas could transform earnings picture in the quarter, but a yield of 11.8 per cent. at 36p shows hesitancy at this stage.

### Lonrho

Lonrho's rights issue is ment shows that eleven months through the year which yesterday, its net bank borrowings had fallen from £54m. £16m. Other loans, mostly secured, were £71m. higher £106m. largely as a result consolidating Volkswagen U and Brentford Volksvans. Gearing ratios have not come that much, however, since tentious coupled with the pact of currency changes a have increased net worth over a fifth to roughly £210 and minority interests also have risen to about £80m. Figures like this help to p into perspective the £7.4m. rentily being raised. What ters, however, is that after prolonged period of price we the share have noticed outperformed the market in the issues were announced. 71p, the market capitalisation is £100m. and the ex-rig yield is 11.3 per cent. after big dividend increase.

## IMF seeks way of barring borrowers' import curbs

BY DAVID EGLI

GENEVA, Sept. 30.

OFFICIALS of the International Monetary Fund are working on ways of forbidding recourse to import restrictions by borrower countries which could have some effect in the British loan application.

A reinforcement of the clauses to discourage borrowers from using import restrictions for balance of payments purposes has been developed by the IMF Secretariat and is likely to be discussed at the annual meeting of the fund in Manila next week. The original idea was to make such clauses compulsory for all loan agreements, but this was resisted by several members and negotiated exceptions will now be permitted.

The shift is still a significant one. The intention is to achieve a standard formula by which all borrower countries agree not to introduce new, or tighten existing, restrictions. The clause would cover quantitative import restrictions, including import prohibitions, quotas or licensing as well as import surcharges and advance import deposits.

It would be included in loan arrangements as a general rule, and would also give the fund a stronger supervisory role if the borrower did not live up to the obligation.

Under a standby arrangement members considering the introduction of intensification of restrictions would agree to consult the Fund before making further withdrawals.

Informal sources here indicate that the purpose of these new ground rules would be to provide a stronger continuing basis for consultations between the borrower and the fund on use of IMF's resources. The fund would be in a position to determine whether in the light of changing circumstances the adjustment policies adopted by the member country continued to be acceptable.

It is stressed that such consultation would not be used by the fund to find "new" standards or performance criteria against which to measure corrective economic programmes, but the changed arrangements would make it easier for the fund to keep a closer check on use of the

resources made available to ensure that they were still in line with the basic purposes of the IMF.

The borrowing country would not be expected to consult with the fund if it decided to impose import restrictions for other than balance of payments reasons. Procedures are being worked out to overcome any ambiguity in this situation stemming from difficulties in some circumstances of determining the primary purpose of such restrictions.

Virtually all fund borrowers have, under pressure, agreed to similar restrictive clauses since February last year. Before that the situation was not too clear.

Between 1968 and May 31 this year there were 168 instances of use of fund resources in the credit tranches, of which 135 related to standby arrangements.

Studies show that clauses concerning import restrictions were included in only 54 per cent. of these cases, and that the precise wording used differed considerably from year to year and from country to country.

## Triumph delivery drivers end strike

BY ALAN PIKE, LABOUR STAFF

ONE OF the Coventry car delivery strikes which halted Leyland's Triumph production for most of this week ended yesterday, and a new attempt to solve the other, by men in the Silcock and Colling group, will be made today.

The strike by 1,000 night shift workers which followed Tuesday's violence at the Ford plant in Dagenham continued yesterday, and free trouble developed for Leyland when electricians stopped work at its body and carburettor plants in Birmingham.

Drivers at Silcock and Colling depots at Halewood, which serves the Ford plant, and Dover responded yesterday to a call from shop stewards to support 80 colleagues in Coventry who are on strike over a redundancy dispute.

Men at two other depots—Langley and Newhaven—also stopped but are likely to return today. Meetings at four other Silcock and Colling bases voted to continue normal working.

This morning the company's shop stewards committee will meet management for further talks on the dispute. Shop stewards are demanding the reinstatement of 17 drivers who, under custom and practice in the industry, have been made redundant but offered similar jobs with a rival company after the transfer of a contract.

The dispute poses a potentially serious threat to car manufacturers, particularly if today's talks fail and other Silcock and Colling depots join the stoppage.

A Ford spokesman said yesterday that there was considerable parking space at Halewood and it would be some time before the action of the delivery drivers—who transport completed cars to dealers' showrooms and docks—affected production.

At the Toleman James depot

in Coventry another delivery drivers' strike which halted Triumph production for most of this week was solved yesterday when a mass meeting accepted temporary proposals for providing unemployed drivers with extra work.

The strike yesterday laid off 1,500 night shift workers in the paint, trim and assembly sections at Dagenham because of a strike by 1,000 shift workers who were sent home on Tuesday night after a walk out by 12 men.

The 1,000 want full payment—the company has offered half—and a guarantee against future lay offs. After they were told to go home on Tuesday, night a meeting in the canteen developed into disorder.

### Damaged

About £15,000 worth of damage was said to be caused by groups of workers. An investigation into the incidents is now in progress.

The strikers do not plan to meet again until next Wednesday. Although Ford is losing production of its new Mark IV Cortina on the night shift, men on the day shift are still working normally at present.

At Castle Bromwich, 280 Leyland members of the Electrical and Plumbing Trades Union walked out in support of a claim that they should operate a new control room which runs the assembly lines. The Transport and General Workers Union claims the work for its members.

The electricians stopped work in defiance of an instruction from their union executive to work normally while the TUC disputes committee considers the issue. They were joined by electricians at Leyland's nearby SU Carburator factory. Both are key plants for Leyland cars and stoppages can have widespread repercussions.

## Road planning responsibility stays shared

By Peter Hennessy, Lobby Correspondent

MINISTERS HAVE decided to retain a joint planning structure for housing, local government, roads, and transport industries, despite the creation of a separate Department of Transport earlier this month.

New Ministerial responsibilities announced yesterday by Prime Minister make it clear that the essential planning idea behind the creation of the Department of the Environment in 1970 will be preserved.

The key transport and planning steering group of civil servants, headed by Mr. Peter Baldwin, permanent secretary of the Department of Transport as chairman, will be drawn from officials of both Departments.

Road inquiries, an area of special political sensitivity at the moment, will be a matter for joint decision by Mr. Peter Shore, Environment Secretary, and Mr. William Rodgers, Transport Secretary. The procedures for roads inquiries are now under review by the Council of Tribunals.

Yesterday's announcement also confirmed that the two Departments will retain common services regarding establishments, research and legal, statistical and economic affairs. The feeling in Marsham Street, where the Transport and Environment Departments share headquarters, was that "a grafting of functions rather than a amputation is what is needed."

The Transport Department will assume sole responsibility for transport industries, including railways, freights and ports (although shipping and civil aviation will remain the province of the Department of Trade).

It will also be responsible for building motorways and trunk roads once planning procedures are completed, and answerable for the financial aspects of local authority transport, road safety and vehicle regulations.

## "The Oxford" has a good word for the Skipton.

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